# Daily Report

# Latin America

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Latin America

*FBIS-LAT-95-165* *25 August 1995*

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## Chilean Economy Minister Rules Out Problems With Mercosur

*PY2408112495 Madrid EFE in Spanish 2340 GMT 22 Aug 95*

[FBIS Translated Text] Santiago, 22 Aug (EFE) — Chilean Economy Minister Alvaro Garcia today ruled out the existence of problems regarding a Chilean agreement with Mercosur [Common Market of the South], and expressed optimism concerning the achievement of this objective. He made this statement at the end of a meeting held yesterday in Brazil with ministers of the four Mercosur member countries.

The Chilean minister said that the process to achieve an agreement with Mercosur (which comprises Argentina, Brazil, Paraguay, and Uruguay) is developing adequately, and acknowledged the possibility that an accord could be established before the end of this year.

Garcia briefed the local press today on the subjects discussed during the meeting of South American ministers of economy, commerce, and industry, held in Brazil, in which the IDB [Inter-American Development Bank] president, Uruguayan economist Enrique Iglesias, also participated.

Minister Garcia explained that specific measures were discussed at the meeting. These measures are intended to strengthen the impulse toward economic integration of countries in the region, in addition to appraising the efforts of governments to achieve free trade agreements.

Garcia said that three essential agreements were achieved. These agreements are related to the promotion of a greater physical and basic infrastructure integration, in addition to the integration of businessmen from the Southern Cone. The possibility of strengthening competitiveness among small and mid-sized companies was also discussed at the meeting.

Concerning physical integration, he explained that there are interesting projects in the region, and that in the case of Mercosur, these projects amount to more than $10 billion.

On this matter, he said that the IDB proposed a program of support in this field, earmarking 5 percent of its resources for this year, that is, $350 million, to finance projects in this area.

In conclusion, Alvaro Garcia said that the next meeting of the South American economy ministers will be held in March 1996, and that the development of these objectives will be discussed at that time.

## Political Parties Decide To Fight for Peace

*PA2508005695 Panama City LA PRENSA in Spanish 24 Aug 95 p 2*

[Report by Jose Quintero De Leon and Hermes Sucre Serrano]

[FBIS Translated Text] The Fourth Central American Political Parties Conference, sponsored by the Central American Parliament (Parlacen), has concluded in this city. The political representatives at the event agreed to promote the necessary actions to consolidate peace and democracy and further social and economic development in the Central American countries.

Parlacen President Augusto Vela Mena and Hector Klee Orellana, president of the political commission in the forum, thanked the Panamanian Government for its hospitality and said it had allowed the political organizations, which are searching for solutions to the problems in the region, to successfully conclude their symposium.

Among the recommendations presented by the Political Parties Conference work commissions was one to support the Panamanian people and government in their struggle to insert the Panama Canal into the country's sovereignty. The commission members called upon political parties to continue fighting to end the armed conflicts in the Central American area and, especially, to attain peace in Guatemala, and likewise, to further awareness that democratic processes require modernization. Thus, it is necessary for the electoral laws to be reformed with the participation of men, women, and minorities, on equal terms.

The Fourth Political Parties Conference backed the struggle of Central American women to increase their presence and participation in the decisionmaking process, especially in the political process. The conference recommended that laws be promulgated to this effect and that organizations promote women's equality.

In addition and in response to an old regional demand, Parlacen will attempt to establish uniform laws for the entire area with regards to the therapeutic use of human blood and for the prevention, mitigation, and attention of natural, instigated, and technological disasters.

Carlos Miranda, president of the culture, social assistance, and tourism commission, considered that the time has come to put an end to improvisations in disaster cases and to start to use a system managed by permanent offices in all the countries. Such offices should have their own budget and competent personnel to confront calamities of any kind.

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Miranda clarified that the adjustments to the law must also include permanent surveillance of our natural resources so as to stop Central America from becoming a toxic waste dump and an area in which to carry out technological experiments that endanger our ecosystem.

Panamanian delegate Winston Grenald asserted that Parlacen would not be alone in this endeavor as it will have the backing of all legislative organizations, through their health and budget commissions, in the regions.

The representatives also presented motions to end AIDS cases caused by contaminated blood transfusions. To this end, they will present a law that is to regulate the therapeutic use of human blood and that includes retribution for contraband human blood.

**Parlacen Urges Guatemalans To Continue Peace Talks**

*PA2408130295 Panama City Telemetro Television Network in Spanish 1730 GMT 22 Aug 95*

[Report by Omayra DeLeon Watson from the "Telemetro Reports" newscast]

[FBIS Translated Text] The Central American Parliament [Parlacen] peace commission has approved a resolution urging the Guatemalan Government and guerrillas to find peace in the talks they are currently holding in Panama. Those talks are sponsored by the Parlacen peace commission. Manuel Conde Orellana, president of this peace commission, gave an updated report on the talks to reporters.

[Begin Conde Orellana recording] What is currently taking place at Contadora island, is a meeting between Guatemalan political parties leaders, who came to the Fourth Conference of Central American Political Parties, and the Guatemalan Peace commission, headed by Dr. Hector Rosado Granados, who is accompanied by another commission member, Dr. Antonio Arenales Ferman. The URNG [Guatemalan National Revolutionary Unity] leaders were invited to the meeting and two of its leaders — Rodrigo Asturias, known as Gaspar Ilom, and Jorge Soto, known as Pablo Monsanto — are present. Those three sectors — Guatemalan guerrillas, government, and political parties — have been at Contadora island since yesterday. [end recording]

It is expected that the results of this meeting will be reported in forthcoming hours. We note that the Guatemalan peace process, which has been moving forward for the past four years, has a new opportunity to further peace during at the current meeting in Contadora, which was promoted by Parlacen.

**Rumors About Argentina's Cavallo Affect Stock Exchanges**

*PY2408225895 Sao Paulo AGENCIA ESTADO in Portuguese 2157 GMT 24 Aug 95*

[Article by Marcia Pinheiro, Marisa Castellani, and Mario Rocha]

[FBIS Translated Excerpt] Sao Paulo, 24 Aug (AE) — Rumors about the possible dismissal of Argentine Economy Minister Domingo Cavallo from the administration of Carlos Menem have deeply affected the Argentine stock exchange and, consequently, the Brazilian ones. The Merval index of the Buenos Aires Stock Exchange dropped by as much as approximately 9 percent today and closed with a drop of 4.81 percent at 447.60 points.

Soon after the Brazilian stock exchanges reopened at 1500 today, the domestic stock exchange indexes began to drop quickly, after the market had closed at noon in a bullish situation. The local stock exchanges were also affected by rumors that taxes would be applied to foreign capital in the Brazilian stock exchanges, as specified in Annex 4 of the Central Bank regulations.

The Ibovespa [Sao Paulo Stock Exchange Index] closed this afternoon with a 0.58 percent drop after it had closed on a rising note at noon, having gone up by 1.53 percent. The BM&F [Commodities and Futures Market] closed with a drop of 1.75 percent, while it had risen 1.54 percent prior to closing at noon.

At 1500 today, reporter Vladimir Goitia learned through a high-ranking adviser of the Argentine economy minister that it was decided, during a meeting that took place from 1100 to 1200 at the Olivos presidential residence in Buenos Aires, that Cavallo's presence in the administration would be guaranteed until the end of the year. [passage omitted]

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## Cuba

### International Conference Condemns U.S. Blockade

*PA2408185895 Havana PRENSA LATINA in Spanish 1527 GMT 22 Aug 95*

[FBIS Translated Text] Havana, 22 Aug (PL) — The international conference on ending blockades in third world countries, which held a two-day session in London, condemned the measure imposed by the United States on Cuba for the past 30 years, journalist sources informed here today.

A "firm and flat condemnation of the unfair and criminal blockade imposed by the United States on Cuba" was expressed in both the conclusions of the forum as well as in the document entitled, A Call for an International Convention Against Policies of Economic Sanctions, GRANMA newspaper wrote today.

The meeting extensively reviewed the negative effects of the blockade on the various aspects of the country's life. Numerous expressions of rejection to these practices were heard during the sessions.

Various distinguished personalities such as Labor Party parliamentarian Tony Benn of the UK and former U.S. Justice Secretary Ramsey Clark expressed their solidarity with Cuba in this regard.

The event was attended by a Cuban delegation comprised of Julio Espinoza, deputy at the National Assembly of the People's Government and member of its Foreign Relations Commission, and Alfredo Leon, official at the International Relations Department of the Central Committee of the Cuban Communist Party.

### Robaina: Latin America Must Decide Cuba's Return to OAS

*PA2408201395 Havana PRENSA LATINA in Spanish 2030 GMT 22 Aug 95*

[FBIS Translated Text] Havana, 22 Aug (PL) — Cuban Foreign Minister Roberto Robaina has affirmed that his country's return to the OAS is not on the priority list of his country's foreign policy.

"In any case, that would be an issue on the agendas of Latin American governments, which must define if they accept Cuba as it is," the Cuban minister stressed in a lengthy interview published today by "BOHEMIA" magazine.

After recalling that his country was "unfairly" expelled from that organization in 1962, he said that if at the time Cuba left so as to not accept impositions, "the Cuban openness will not admit or assume impositions for its return in the present conditions."

"I don't really think that anyone is in a position to tell us to change so that we are accepted, and that must be made very clear," Robaina underscored.

In the interview, published under the title "We Want to Continue to Exist Our Way," Robaina noted that Cuba is a strong supporter of economic integration and is ready to join any initiative in this regard, but without any preconditions.

In responding about Havana's willingness to join the hemispheric free trade zone outlined in the Miami Summit last December, he stated that everything that is useful for Latin America will also be useful for Cubans.

"Nevertheless, if becoming a member implies that an entry test must be passed, we have many other universities to present tests to," the foreign minister warned.

Robaina, a former youth leader who considers himself "not a career diplomat but a hands-on trained diplomat," also highlighted the importance of nonalignment in the current world and the desire expressed by Colombia, next president of the movement, to strengthen it.

He asserted that if nonalignment played an important role when the world was bipolar, in light of the existence of a single pole world it should take more important actions, "although unfortunately it is not ready to do so."

Robaina stated that Latin America, and particularly Colombia, have expressed the desire to strengthen the movement, "and we must not waste the opportunity we have in this part of the world to do something for underdeveloped nations. [no closing quotation marks as received]

Regarding the bilateral dispute with the United States, the head of Cuban diplomacy commented that it would be very difficult to predict its outcome because the conditions in which the debate takes place in Washington are constantly changing.

He expressed his conviction, nevertheless, that extreme right sectors in Congress will not be able to confuse for much longer a public opinion that is discovering that Cuba poses no threat to the tranquillity of the United States.

The foreign minister explained that although the U.S. blockade represents a challenge for the island, it would be wrong to believe that its elimination will automatically resolve all problems of Cubans.

He added that if in fact such measure would resolve several problems that are very difficult to cope with for the country's life, it would create others that would

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make much more difficult and complex the scenarios of discussion and analysis, because the blockade does not only mean commercial operations.

Roberto Robaina noted that this would call for an extra effort to maintain the Cubanness [Cubania] and other values of the revolution in a world in which, he continued, capitalists beliefs and ideals they want to present as unique models prevail above all else.

The Cuban minister termed erroneous the opinion of those who say abroad that the changes taking place in Cuba only respond to an economic project.

He said that none of what is done nowadays is apolitical, and none of what we do in politics has an economic influence.

Nevertheless, Robaina concluded, if political transformations, as some people say, entail a renunciation of the socialist path, if that is the change they expect, it must then be known that we will not yield to that reform.

**Robaina: 'Predicting U.S.-Cuba Differences Complicated'**

*PA2408154295 Madrid EFE in Spanish 2047 GMT 23 Aug 95*

[FBIS Translated Text] Havana, 23 Aug (EFE) — Cuban Foreign Minister Roberto Robaina said that to predict the possible end of the differences between Cuba and the United States "is quite complicated because the conditions in which the debates are taking place are suffering constant changes.

Robaina said in an interview published in BOHEMIA magazine that Americans are starting to draw their own conclusions and "I do not think any congress will continue to be able to confuse the public opinion much longer, although we cannot be sure that that is the absolute criteria of the Congress or of certain right-wing congressmen.

According to Robaina, the end of the U.S. "blockade" against the island is a challenge and "I do not think it will be the end of the nation's problems because I do not think the lifting of the blockade will automatically right all of the wrongs of the Cuban people."

In his opinion, the lifting of the "blockade" would "resolve many of the problems of the country, but it would undoubtedly make the discussion and analysis theaters more complex and more difficult because the blockade affects more than trade operations."

As for Cuba's return to the OAS, Robaina said it is not among the government's priorities. He said: "It rather is a topic for the agendas of the Latin American governments who must decide if they will accept Cuba the way it is."

As for the United Nations, Robaina said: "We want the United Nations to play the role outlined in its original charter and much remains to be done to really get all nations to unite."

Robaina said, "Cuba does not want to criticize it from the outside, Cuba wants to be inside and act from within. Cuba would like the United Nations to speak of things other than humanitarian interventions, peace maintenance operations, preventive diplomacy, or restoration of democracy."

As for the economic reforms implemented in the island in the last two years, Robaina said "it is a mistake to think there is no relation between political and economic reform and vice versa. In my personal opinion, nothing of what we could economically do today in the country stops being political and nothing of what we do politically ceases to have an influence on the economy."

**Robaina Underscores Nonaligned Movement Importance**

*PA2408202095 Havana Radio Havana Cuba in Spanish 1300 GMT 23 Aug 95*

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina has underscored the current importance of the nonaligned movement and the determination of Colombia, the next president of this political movement, to strengthen it.

In statements for the Cuban BOHEMIA Magazine, Robaina pointed out that if the nonaligned movement played an important role when there was an bipolar world, it is called upon to carry out much more important actions now that there is an unipolar world.

As for its bilateral differences with the United States, the chief of Cuban diplomacy said that U.S. public opinion, despite efforts from the extreme right, has discovered that Cuba by no means poses a threat to Washington's tranquility.

**Spokesman: Rumors of New Incursions 'Provocation'**

*PA2408182395 Havana PRENSA LATINA in Spanish 1718 GMT 24 Aug 95*

[FBIS Translated Text] Havana, 24 Aug (PL) — Today, Cuba described as a provocation reports from Miami on plans for a new attempt to violate its naval borders and areas by aggressive emigrant groups residing in the United States.

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Rafael Dausa, spokesman for the Cuban Foreign Ministry, underscored during a news conference that the Antillean nation will not allow this type of actions, such as those announced for 2 September, and added that it is capable of dealing with them.

Those who are behind these projects, despite the warnings of the governments of Cuba and the United States, are provokers who are trying by all means to obstruct any normalization in the relations between the two countries, he added.

The spokesman said that there are rumors of the possible participation of a legislator of Cuban origin in the incursion of a fleet leaving U.S. territory that would reportedly try on that day to enter Cuban territorial waters.

Cuba will react firmly and decisively to such attempts and will not be responsible for the fate of those who violate our airspace or waters, he said.

On 13 July, several ships and planes occupied by Cuban-American elements from Miami carried out a similar action and were rejected by Cuban border guard units.

**Officials Present First Issue of Magazine for Emigres**

*PA2508005895 Havana PRENSA LATINA in Spanish 2143 GMT 22 Aug 95*

[FBIS Translated Text] Havana, 22 Aug (PL) — The first issue of EL CORREO DE CUBA magazine, which targets Cubans abroad, was presented today in keeping with an agreement among the local authorities and representatives of the emigres.

The publication of this magazine was the object of a consensus during "The Nation and the Emigration Conference" held in 1994, and during the ceremony, it was announced that this magazine is already being sold in those countries with the largest number of residents of Cuban origin.

Jose Cabanas, head of the Cuban Foreign Ministry's Directorate for the Affairs of Cubans Residing Abroad, said that this magazine should become a leading vehicle to link the country with those who, even though they live abroad, share its ideals of independence and full sovereignty.

This is about the continuity of a policy and the conduct of our government, Cabanas added.

EL CORREO DE CUBA has 64 pages, several of them in color, and 15,000 issues will be published quarterly. According to Cabanas, it would be good if this magazine becomes a common item in the homes of many Cuban families abroad, thus fueling their interest in maintaining a link with their country of origin.

The first issue includes an ad for the 2d The Nation and the Emigration Conference, which will be held in November. The Foreign Ministry is already sending out invitations for this event.

Similarly, it includes an interview with Ricardo Alarcon, president of the Cuban National Assembly of the People's Government (Parliament), who stresses that there cannot be talk of normalizing migration relations as long as the United States prohibits or restricts contacts between Cubans and Havana.

Moreover, it divulges several contributions by Cuban emigres living in the United States, as well as sections on sports and Cuban culture.

A note by Foreign Minister Roberto Robaina points out that, among its objectives, the magazine aims to facilitate communication between residents in the national territory and abroad.

Cuba is no longer the country many refer to as a distant place; it is a strong tree that grows, discovering its new colors and fragrances, the minister emphasizes.

Cuban Vice Foreign Minister Jorge Bolanos; Sergio Corrieri, president of the Cuban Institute of Friendship with the Peoples; members of the diplomatic corps; and local and foreign reporters attended the ceremony.

**Article on CIA Satellite Espionage Declassified Photographs**

*PA2208165195 Havana PRENSA LATINA in Spanish 0847 GMT 21 Aug 95*

["Exclusive" article by Martin Hacthoun: "Secret of CIA's Space Espionage is Disclosed"]

[FBIS Translated Text] Space espionage was the CIA's best kept secret, the CIA chiefs' favorite program during the Cold War, the one in which it attained successes and also failures, and the one in which it spent money, lots of money.

When a series of satellites began to be launched in 1961 from Vandenberg Air Force Base, California, the government said it involved a climatological survey from outer space but, in fact, it had an entirely different goal.

The cosmic sensors had the mission of spying the former Soviet Union's nuclear development, the PRC's nuclear tests, as well as all military movements throughout the world.

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Only its zealous managers knew it involved an ultrasecret program, code name Corona, under the public facade of a scientific research plan for satellites that were called Discoverers.

All of these is now being disclosed thanks to a measure adopted in February by President William Clinton, by which the Central Intelligence Agency will turn over to the National Archives approximately 850,000 photographs taken from outer space between 1960 and 1975, covering 750 million nautical square miles.

The CHRISTIAN SCIENCE MONITOR said this is an attempt to open the CIA, to improve its image of an agency shaken by scandals, the most recent one its involvement in and handling of two assassinations in Guatemala, including that of a U.S. citizen.

Former President Dwight Eisenhower authorized the CIA and the Air Force to begin Project Corona in 1958. The first eight launchings were a failure and relief for its managers came with the ninth launching.

The only "Discoverer" that was really designed for scientific research, thus giving more credibility to the front created for its spy program, crashed and was lost in the Pacific Ocean with a few small animals on board.

A total of 145 of these devices were launched into space — the cost ran in the millions — until the end of the program in 1972, when the CIA considered it obsolete, and more modern systems were implemented.

The first successful recovery of photographic material with intelligence information on 8 August 1960 could not have taken place at a better time for Washington. Embarrassed because a U-2 spy plane had been shot down by the USSR, Eisenhower was forced to do without these silent aircrafts.

In spite of this, Washington insisted with the U-2's flying over Cuba, and then another one of these aircrafts was shot down in the west side of the island in 1962.

In that first Corona mission, the recovered film covered 2,560,000 sq km and allowed examining objects that measured even 10 meters. With the development of film and photographic equipment, by 1972 it was possible to examine in detail objects that measured as little as two meters.

The Coronas had a limited life, and after fulfilling their mission they would send to the earth a capsule with the films inside. These capsules were recovered by planes in mid flight as they softly descended with parachutes after entering the earth's atmosphere.

"The Corona system revolutionized the collection and analysis of espionage information, and it established a new and totally different context for the Cold War," Brian Latell, director of the CIA's Center for the Study of Intelligence Data, told the CHRISTIAN SCIENCE MONITOR.

Up until the time this program was dismantled, the United States used it for outlining its plans and strategies for controlling armament, selecting the targets for its nuclear rockets of long and medium range, as well as for preparing strategic maps and combat tactics.

In addition, it served during the Arab-Israeli War of 1967 to confirm the destruction by Tel Aviv's Air Force of the air forces of Egypt and Syria. Washington also used it for evaluating the results of the bombings against North Vietnam.

Even though it was useful and modern for its time, this was not the only espionage program. The information it collected was complemented by the missions of the SRI-71, the spy plane that replaced the U-2's and which was known as the Blackbird. [preceding word in English].

The declassification of the photographs taken during nearly one decade by the Corona program has called the attention of not only academicians and historians, but also of experts on ecology, topography, and others.

Notwithstanding and in spite of the abundant documents that have been made public after 35 years, there are some limits for the public. Part of the information gathered by the Corona system will continue being a secret well guarded in some safety box of the CIA headquarters in Langley, Virginia, if it is there.

**Guyana Cyanide Spill at Canadian Gold Mine Viewed**

*FL2408003695 Havana Radio Rebelde Network in Spanish 2300 GMT 23 Aug 95*

[From the "Exclusive" program]

[FBIS Translated Text] Guyanese President Cheddi Jagan promised to mobilize all available resources to confront the ecological and economic disaster caused by a spill of residuals containing cyanide at a gold mine. The spill threatens to contaminate the water supply used by 18,000 people. At the same time, Guyana has called on the international community to aid in the struggle against the cyanide residual detected at the Omai mine, which belongs to Cambior, a Canadian firm.

In the meantime, from Canada, a source from Cambior, which controls 65 percent of the gold mine, confirmed that cleanup operations had already begun and that the level of cyanide in the Omai and Essequibo Rivers was now below what would be considered a dangerous level.

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### Seeks International Disaster Aid

*FL2508012895 Havana Radio Rebelde Network in Spanish 2300 GMT 24 Aug 95*

[From the "Exclusive" program]

[FBIS Translated Text] Today, the Government of Guyana asked the international community for help in containing a toxic spill in the Essequibo River near the Venezuelan border. Guyanese President Cheddi Jagan stated that all resources available would de deployed to confront this ecological disaster, the greatest in the history of Guyana. The cyanide leak at a gold mine threatens to contaminate the water used by over 18,000 people.

### Colombian Minister Comments on Possible Investments

*PA2408201195 Havana PRENSA LATINA in Spanish 0050 GMT 23 Aug 95*

[FBIS Translated Text] Santa Fe de Bogota, 22 Aug (PL) — Colombian Foreign Minister Rodrigo Pardo has announced that businessmen and industrialists of his country are interested in investing in Cuba, probably in upcoming months.

After returning from the summit of the Association of Caribbean States (ACS), which was held last week in Trinidad and Tobago, Pardo told the COLPRENSA news agency that he had the opportunity to dialogue with Cuban President Fidel Castro about issues of bilateral interest.

Cuba is seeking alternate financing sources and our businessmen have identified opportunities that they might take advantage in the sugar industry, liquor production, and the agricultural sector, among others, the foreign minister said.

The chief of diplomacy of Bogota noted that Colombia could establish links with the largest Antillean island through investments in various sectors, much in the same way as Canada, Mexico, and Spain have.

Pardo added that during the ACS meeting he also exchanged views on the 11th summit of the Nonaligned Movement scheduled for 14 to 20 October in that South American country.

In this regard, he underscored the "great receptivity displayed by Central American nations," and he added that so far, 35 heads of state and government confirmed their attendance to the meeting in Cartagena de Indias.

### Argentine Foreign Relations Delegation Arrives

*FL2508001295 Havana Radio Reloj Network in Spanish 1956 GMT 24 Aug 95*

[FBIS Translated Text] Jorge [word indistinct], secretary for international and economic relations for the Argentine Foreign Relations and Worship Ministry, is currently heading a delegation to Havana City.

Cuban Foreign Trade Minister Ricardo Cabrisas met with the delegation, and the discovery of a joint strategy for developing bilateral trade relations, which increased last year, was an issue discussed during the meeting.

### To Sign Investment Accords With Cuba

*PA2508041695 Havana Radio Havana Cuba in Spanish 0000 GMT 25 Aug 95*

[Report by Barbara Betancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] Rafael Dausa, spokesman for the Cuban Foreign Ministry, announced during his regular meeting with the news media that this Friday, Cuba and Argentina will sign in Havana an agreement for the mutual promotion and protection of investments.

A high-level Argentine delegation headed by Jorge Campbell, secretary of state for international economic relations, is in Havana for this purpose.

Dausa reiterated Cuba's position with regard to the plans anti-Cuban elements in Miami have announced for 2 September involving a so-called flotilla.

[Begin Dausa recording] Our country will act in a calm but firm fashion. We will act responsibly and firmly. We have the capability to respond to any violation of our sovereignty, of our air space and territorial waters, regardless of who may be traveling in the flotilla. Cuba will not permit any violation of its air space or territorial waters. I think the people behind the flotilla idea, who in spite of Cuban and U.S. warnings insist on their plans, are provocateurs who are trying by every means to obstruct any kind of rapprochement, normalization, or understanding between the United States and Cuba, and who are trying to erect walls to check all kinds of negotiations and undermine and obstruct the migration agreements signed recently, those of 1994 and the expanded version of 2 May. [end recording]

Dausa also decided it was suitable to give the Foreign Ministry's evaluation of the recently concluded summit of the Association of Caribbean States.

[Begin Dausa recording] This was a historic summit. The results surpassed by far our expectations. Cuba is very satisfied with both the final declaration and with

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the action plan that will be implemented within the framework of the approved documents, which were very specific, precise, and clear.

We are also very satisfied with the support given Cuba by the Caribbean countries. This has come following attempts to isolate Cuba in the continent. The truth of our country, which never left its Latin American home, is winning, and Cuba is reincorporating itself with growing force into institutions such as the one we have met with now, the ACS. [end recording]

**PRENSA LATINA Interviews Hungarian Envoy on Relations**

*PA2408220495 Havana PRENSA LATINA in Spanish 1734 GMT 22 Aug 95*

[FBIS Translated Text] Havana, 22 Aug (PL) — Cuban Ambassador to Hungary Carlos Trejo said here today that bilateral relations are beginning to thaw after four years of being on ice.

The diplomat recalled in a PRENSA LATINA interview that the two countries became estranged from one another following changes in Hungary and the former Socialist bloc.

We are distant observers of a process that we respect. We definitely have our own views on the transformations taking place in Cuba and have been very respectful of the changes that have taken place not only in Hungary but also in other nations of the former Socialist bloc, he added.

Trejo stressed that Cuba's economic ties with Budapest were strong before 1990 due to heavy trade in omnibuses, spare parts, medicines, and food products.

It is almost as if we are rediscovering one another, in light of the many events that have occurred in Budapest and Havana over the last five years. Cuba and Hungary are considering all areas that would benefit from mutual cooperation, he noted.

He explained that traditional sectors, such as trade in Ikarus omnibuses — which are still circulating in Havana — as well as medicines and food products from Hungary, are receiving priority attention.

We are exploring tourism opportunities, and the Hungarians have imported such Cuban medical products as the hepatitis B vaccine, interferon, and skin growth hormone. We also believe we have a good chance of exporting other products, such as citrus fruits and potatoes, he explained.

Trejo pointed out that he has found the outlook of official circles and the media regarding the economic transformations taking place in Cuba to be positive.

We have explained to them that these changes aim to perfect and strengthen our system, and they view them as a possibility for Hungary to participate as a befitting partner in this process, he said.

**Great Britain Delivers Aid for Cooperation Projects**

*PA2408192495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 24 Aug 95*

[Report by Ana Maura Carbo; from the "NTV Newscast"]

[FBIS Translated Text] [Carbo] The first projects of intergovernmental cooperation between Cuba and Great Britain in more than 20 years began to be implemented today. This move was described as historic by Raul Taladrid, vice minister of Foreign Investment and Economic Cooperation, during the ceremony held at the residence of British Ambassador to Cuba Philip McLean. [as received]

[Begin Taladrid recording] This event paves the way for official cooperation between the British and Cuban governments, and we believe it sets an important precedent. We have embarked on an era of increasing and deepening our ties in all areas, including trade, investment, and cooperation. [end recording]

[Carbo] The British Cooperation Fund approved these agreements that will seek: 1. To provide equipment to the Professional Advancement Center of the Ministry of Economy and Planning; and 2. To provide computers, books, and teaching supplies to the Professional Advancement Center. Philip McLean remarked that this financing demonstrates his government's intention to help in areas of the tax system and the market economy theory. Another six projects are currently being reviewed.

**More on British Cooperation**

*PA2408230595 Havana Radio Rebelde Network in Spanish 1700 GMT 24 Aug 95*

[Report by Mariela Diaz; from the "National Radio News" newscast]

[FBIS Translated Text] The first project financed by the British Cooperation Fund earmarks $60,000 for equipment for the new tax system office in Cuba. The second project totals $61,000 and will supply computer equipment, books, and teaching material to the Economy and Planning Ministry's personal improvement center.

The British Cooperation Fund, supported by the UK Government through the Initiative for Cuba, totals $240,000 this fiscal year. Financing for these first projects shows without doubt the UK's desire to help Cuba's reform process.

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Raul Taladrid, vice minister of foreign investment and economic cooperation, described the approval of both cooperation projects as historic.

[Begin Taladrid recording] These are the first two cooperation projects in more than 20 years — I do not want to hazard a guess beyond than my own experience — that the Government of the United Kingdom and Northern Ireland and the Cuban Government have put into effect. I believe that this opens a path of official cooperation between the British and Cuban Governments, which in our opinion sets an important precedent. [end recording]

**Lebanese Government Wants To Strengthen Relations**

*PA2408224995 Havana PRENSA LATINA in Spanish 2331 GMT 23 Aug 95*

[FBIS Translated Text] Havana, 23 Aug (PL) — Lebanese Public Health Minister Marwan Hamadah arrived today in this capital carrying greetings from Lebanese President Ilyas al-Hirawi for Cuban President Fidel Castro.

On his arrival at Jose Marti International Airport, Hamadah pointed out his government's growing interest in strengthening relations with Havana, not only on friendship and solidarity issues, but also in political, economic, and social fields.

AGENCIA DE INFORMACION NACIONAL reports that the visiting minister arrived with a retinue of representatives of important economic sectors who expressed their wish to strengthen ties with Cuba.

"I am sure," Hamadah said, "that we will establish new horizons, especially in public health, where we will begin by exchanging medicine, researchers, and medical doctors.

Cuban Health Minister Carlos Dotres, Lebanese Ambassador to Cuba Zaidan Alfsaghir [name as received], and Cuban Government officials greeted the Lebanese visitors at the airport.

**Canadian Company Cosponsors Havana Summer Concerts**

*FL2508012995 Havana Radio Rebelde Network in Spanish 2300 GMT 24 Aug 95*

[From the "Exclusive" program]

[FBIS Translated Text] The end of the summer will be celebrated this weekend with Cuban music at La Punta, La Piragua, and the Youth Fountain in Havana. On Friday and Saturday, the bands, Climax, Iraquere, Revei y su Charangon, and Paulito y su Elite will play at these three localities. On Sunday, Paulito y su Elite will close the festivities with a concert at La Piragua.

Among the festivities held in July and August along Havana's Malecon, the highlights were those sponsored by the Canadian company, Sherrit, which has invested in Cuba's nickel industry and contributed several thousand dollars to this program of summer activities organized by the Union of Young Communists.

**Government Reports Drop in Peso-Dollar Exchange Rate**

*PA2408174095 Havana PRENSA LATINA in Spanish 2212 GMT 23 Aug 95*

[FBIS Translated Text] Havana, 23 Aug (PL) — The financial storm that is adversely affecting commercial activity on the streets of Cuba in the last week and plunged the exchange rate on the black market to 10 pesos per dollar was attributed today to the improvement of the country's domestic finances.

PRENSA LATINA learned in government circles that the lack of a new national currency issue, along with the measures aimed at removing money from circulation and the uncontrolled entry of foreign exchange from abroad caused a sudden rise in the value of the peso from 35 to 10 pesos per dollar in the course of two weeks.

The plunge of the dollar-peso exchange rate became even more evident since the farmers of the Youth Labor Army [EJT] started selling pork at 15 pesos per lb (it used to sell for 30 pesos) and bananas at 20 cents per unit (they used to sell for three or four pesos).

Since the opening of the farmers markets for the free sale of farm products in October of last year, the parity of the two currencies has been measured especially by the price of pork in these markets.

The sources that were consulted noted the progressive withdrawal of pesos from circulation, now estimated at less than 2 billion pesos as compared to June 1994 when there were 12 billion pesos in circulation.

Another situation that is contributing to the "drop" of the dollar, they said, is the continuous flow of money transfers by Cubans living in the United States to their relatives in the island despite the restrictions in that country where money transfers to this country is not regulated.

The sources rejected versions that said that the exchange rate movement was due to an alleged government action to artificially increase the value of the peso.

Local economists agree that the government is not in condition to move to a free convertibility regimen of

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the national currency because of the shortage of foreign exchange the country is facing.

Meanwhile, the feeling among consumers at the network of stores, both in pesos as well as in foreign exchange currencies, is one of caution. Some prefer to buy their products in dollar stores, which has seen an increase in customers in the last few days, and others, are waiting to see if the dollar-pesos exchange rate drops even further to invest their pesos in purchasing foreign exchange.

**Sugarcane Planting in Santiago de Cuba, Holguin Provinces**

*PA2408230795 Havana Radio Rebelde Network in Spanish 1700 GMT 22 Aug 95*

[From the "National Radio News" newscast]

[FBIS Translated Text] [Station announcer Cesar A. Redondo] Santiago de Cuba Province is preparing for the Dignity sugarcane harvest. For this harvest, 277 million arrobas of sugarcane, to be processed by the province's eight agroindustrial mills, are assured. Here is Carlos Saravia Marrero with the details.

[Saravia] Wrapping up August by weeding 95 percent of sugarcane areas, cutting delays in erecting signs for winter planting [siembra de frio], and getting every mill ready 20 days before the start of the sucarcane campaign were the key issues analyzed during a meeting headed by Juan Carlos Robinson, first secretary of the Communist Party of Cuba [PCC] in this province. The goal of the meeting was to lay the groundwork for the Dignity harvest.

[Begin Robinson recording] Planning the harvest is imminent. We have discussed preparing estimates and the rigor, quality, care, and precision with which we must achieve our goals. Although we are going to discuss one by one, block by block, the estimates of every mill, I think that each municipality, UPB [Basic Production Unit], the PCC leadership, the government leadership, the peoples councils, the district delegate, the delegate of the zone party cell — in sum, all factors — must actively participate so that the climate, the necessary enthusiasm, or the necessary effervescence with which we have to approach in a more accelerated manner the day of the start of the (?campaign) in each mill is manifested and begins with the participation of all comrades from this very day. [end recording]

Further on the topic of the recovery of sugarcane in the upcoming harvest, Holguin Province plans to have a high level of compliance with the overall sugarcane protection program by the end of August, a commitment that has become a firm one for this eastern province. Here is reporter Aroldo Garcia with some comments.

[Garcia] Additional forces mobilized by the CTC [Cuban Workers Federation], together with workers and other entities from Minaz [Ministry of the Sugar Industry], the organism that is mainly responsible for this endeavor in Holguin, and which will have to clean up at least 95 percent of all areas, are devoting their attention to performance, a factor regarded as decisive if one truly aspires to achieve noticeable progress in provincial sugarcane levels. In addition, excess humidity in the fields due to recent rains is today hampering work to prepare the land for winter planting, when the province must plant over 1,460 caballerias distributed across the 10 sugar units. Although the bulk of the planting will take place between September and October, a number of the most important complexes within Holguin's plans, such as Nicaragua, Guatemala, and (?Lopetena), are behind in erecting putting up signs, and a bit more, at lesser levels, according to the sugar index.

However, Minaz specialists in Holguin are confident of fulfilling their obligations and have emphasized the decisive contribution of the sugar workers union in starting a strong and dynamic movement to be emulated which today has managed to significantly increase the number of hours per shift by men operating the machinery.

If last month Holguin Province was awarded second place for its efforts in the integral sugarcane program, then in August it must demonstrate through specific results that only a constant and secure place in the vanguard will make possible another 26 July in this province.

## Haiti

**Civilian Mission Chief: Human Rights No Better**

*PA2408215095 Port-au-Prince Signal FM Radio in Creole 1130 GMT 24 Aug 95*

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] There has not been improvement in respect for human rights in Haiti since Jean-Bertrand Aristide's return to power, according to the director of the International Civilian Mission in Haiti [MICIVIH], Mr. Collins Granderson.

The MICIVIH executive director says he hails the efforts by the Haitian Government to try and reform the judicial system. Mr. Granderson asserts that he has lent technical and financial support to the reform of the judicial... [pauses] penitentiary system and the training of the judges and public prosecutors. Mr. Collins Granderson, speaking during a news conference,

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deplores the fact that several prisoners have never had a chance to appear before their assigned judges. [passage omitted]

**Aristide Meets With Parties on Electoral Process 22 Aug**

*PA2408140995 Port-au-Prince Signal FM Radio in French 1030 GMT 23 Aug 95*

[From "The Waking Up Newscast"]

[FBIS Translated Text] The first headline in the news is the yesterday's meeting between President Aristide and several heads of political parties discussing the relaunching of the electoral process. The Haitian head of state convened several political party leaders yesterday at the National Palace in order to begin a dialogue between the Provisional Electoral Council and the political parties. Representatives of the National Front for Change and Democracy, Nationalist Progressive Revolutionary Party of Haiti [PANPRA], and the National Congress of Democratic Movements [CONACOM] did not conceal their satisfaction at the conclusion of this meeting. They say they noted President Aristide's willingness to put an end to the conflict opposing the electoral institution and the political parties following the controversial elections of last June. However Andre Brutus, who represented PANPRA at this meeting, stated that this meeting is not enough to convince his political organization of the credibility of the current CEP. PANPRA has maintained its position toward the electoral process, he noted.

[Begin Brutus recording, in Creole] You know there were a series of negotiations over the weekend with Talbott's representatives, and until last night, we agreed to disagree. We were very surprised to see there was a quick change of events, as they were the ones asked us for a meeting. So we showed up, and as a matter of principle, we said we did not want to sit with the CEP because we do not acknowledge it. Actually, we had a meeting with the president. Well, we found a president who is really concerned, one who is trying to see how we can untangle the electoral process. So, at this moment, we feel the willingness is shared on both sides. We feel that we are looking for a solution on both sides. However, we did not reach any agreements today. We simply showed.... [pauses] The willingness to reach a solution is obvious on both sides. We remain open to discussions. We, nevertheless, reminded the president of the fact that there are prerequisites for us and that we care about them. He must keep in mind that we will not budge in the process [as heard] as long as there is not this possibility that the CEP be reshuffled or recomposed and, secondly, that there be an assessment committee to investigate the various districts and to consider in how many districts the elections can resume. I am under the impression that the president understands enough. He says he remains open. He is thinking [words indistinct] at any time, if we have ideas, if we have proposals to make or if he has ideas, we will meet in order to continue analyzing the question and scrutinize possibilities that the process might be revised. That is the point we reached in our conversations. [end recording]

This was Andre Brutus, representative of PANPRA, at the meeting held yesterday at the National Palace between Haitian Head of State Jean-Bertrand Aristide and several political parties, notably CONACOM, FNCD, and PANPRA.

**Aristide on Privatization of State-Owned Enterprises**

*PA2408220295 Port-au-Prince Signal FM Radio in French 1800 GMT 24 Aug 95*

[From "The Signal 13 Newscast"]

[FBIS Translated Text] A discreet meeting was held on the morning of 24 August between President Aristide and delegates from people's organizations from across a broad spectrum of society. In fact, this morning the head of the executive branch met discreetly with several members of people's organizations from the country's nine departments.

The outcome of these conversations remains unknown. But, this morning, shortly before the beginning of the talks, held in camera, President Jean-Bertrand Aristide told members of the press at the palace that he plans to sit down very soon at the same table with employees of state-owned enterprises like Cement of Haiti [Ciment d'Haiti], Haiti Flour Mill [Minoterie d'Haiti], and so on to debate the issue of privatization, which is very much dreaded by a large portion of the population.

The Haitian Government is facing tremendous economic difficulties. That is why certain enterprises have been unable to regain their previous operating status, Jean-Bertrand Aristide pointed out.

The head of state advocates frank dialogue between all components of Haitian society so that we may together note the current state of enterprises ruined by the de facto regimes, the Saint-Bosco elected representative stated.

[Begin Aristide recording, in Creole] I take this opportunity to send a message to employees of the Haiti Flour Mill and Cement of Haiti who [words indistinct], according to the letters I received [words indistinct]. I have seen their worries; they think the Haiti Flour Mill

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and Cement of Haiti will be sold and (?that they will have no jobs). I am telling employees of the flour mill and Cement of Haiti: It won't be long before I honor your request for a meeting. In anticipation of this meeting, I am here today to tell you again what you are used to hearing.

[Words indistinct] participation, transparency, and justice, that we called the three cornerstones on which the cooking pot of democracy boiled in 1991, still exist. This is why even before I returned to the country, when we were thinking about how to make democracy work, we had realized that the government does not have enough money to operate a certain number of state-owned enterprises like the Haiti Flour Mill, Cement of Haiti, Electricity of Haiti, and so on. As this government does not have the right to demagogue or to lie, it is obliged to say it does not have enough money to operate them. So, in transparency, there may be dialogue — and there's the crux — to say right now just what the situation is.

Then, if we don't want to leave these enterprises closed down — because the de facto putschists broke them — I must find people who have money, who can reach agreement with the government so that we can operate them again. Some people call this privatization, others call it democratization. (?We are stating clearly) that we signed documents that we will honor. For instance, we say in those documents that many of those living near Haiti Flour and Cement of Haiti do not now go to school; many do not go to hospitals when they are sick. If there are people talking about privatizing Haiti Flour Mill and Cement of Haiti, they must immediately acknowledge those documents and respect conditions set out in them. [end recording]

These were statements made this morning by Haitian head of state Jean-Bertrand Aristide, shortly before his meeting in camera with some members of people's organizations. We also learned from a reliable source that a U.S. company has entered a bid with the Haitian Government on the privatization of the Haiti Flour Mill.

**Prime Minister's Office Suspends Import Permits**

*PA2408213195 Port-au-Prince Signal FM Radio in French 1030 GMT 23 Aug 95*

[From "The Waking Up Newscast"]

[FBIS Translated Text] In a press communique, the prime minister's office informs the public in general and importers in particular that, in line with its concern for facilitating supplies to the market, previously issued import notices and permits remain suspended until further notice. This measure falls within the scope of the policy of liberalizing commercial transactions by the government. This is according to a press communique signed by Smarck Michel, head of government.

**CEP Holds News Conference; Disregards Talbott Document**

*PA2408143295 Port-au-Prince Signal FM Radio in French 1030 GMT 23 Aug 95*

[Report on news conference by the Provisional Electoral Council by Kenol Dorvil in Port-au-Prince on 22 August; from "The Waking Up Newscast" — passages within quotation marks in Creole]

[FBIS Translated Text] The president of the Provisional Electoral Council [CEP], Dr. Pierre Michel Sajous, invited all sectors involved in the electoral process including the political parties of the opposition to join the members of the institution he is leading to allow the good development of the second round.

The elections should in no way be the exclusive concern of the CEP, but instead of all sectors interested in this process, stated Mr. Sajous. He was still not able to say when the second round of the electoral operations will take place.

Mr. Sajous spoke of the formation of electoral officers within the (?polling stations) in order to control the electoral operations. He confirmed that all political parties involved in the electoral race will be partially reimbursed.

Giving his opinion on the organization of the first round of the elections, notably those of 25 June, the first CEP official stated that measures will be taken in order to avoid the repeat of the mistakes previously made. However, he did not explain at what level these measures will be taken. Let us listen to a report by Kenol Dorvil who attended this news conference by the president of the CEP, Dr. Pierre Michel Sajous, yesterday in the premises of the institution in Pacot.

[Begin recording] [Dorvil] "Two days after the publication of the results of the partial elections, the CEP took a stand on the development of the 13 August ballot and the holding of other legislative and municipal elections for the second round. The president of the electoral institution, Dr. Sajous, says he is aware of the difficulties faced by the council's members during the electoral operations. While he did not come to make final comments because there were no measurement instruments, the CEP head admitted that the people's participation in the partial elections was not the same as that of 25 June 1995."

[Sajous] "The participation was not the same as that of 25 June."

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[Dorvil] "When the journalists asked what is the date he has set for the second round, the CEP president announced that he will say when the second round will take place within a few hours. Dr. Sajous continues to call on the political parties despite the position of the main political parties that keep boycotting the electoral process.

[Sajous] "I ask you to be patient for a few hours. [word indistinct] will come pretty soon. I have never stopped inviting the political parties to dialogue with the council. I never receive... [pauses] I cannot say we have not received any answer because we received a certain number of political parties."

[Dorvil] "Regarding U.S. Deputy Secretary of State Strobe Talbott's proposal to correct some mistakes that were committed in the past ballots, the person in charge of the electoral operations, Mrs. Jesi Chancy Manigat positively declared that the CEP does not take note of this not dated, unsigned, anonymous document, according to her own statements."

[Manigat] There is no divergence insofar as the position of the council is and remains clear, "that is it does not look into the Talbott document, it does not consider it [word indistinct], that it does not take note of it, and that the council's work continues [words indistinct]" regardless of this not dated, unsigned, and thus anonymous document as far as we are concerned.

[Dorvil] "However, before the Strobe Talbott proposal, the CEP — according to the secretary general, Mrs. [Marie Laurence Jocelyn] Lassegue — set up a working group aimed at studying the possibility of holding again the elections in some areas."

[Lassegue] "The objective of this working group — until now it is working toward that — is yes or no, will we hold again elections in some area? If yes, to identify the areas. The working group has a file, a working report that it has to entrust to the assembly of the council and it is then that the assembly of the council will know whether or not it will hold again elections in certain areas."

[Dorvil] "To facilitate the good development of the second round of the elections, the CEP will adopt a series of measures such as, quote, a civic education campaign that will last three weeks, the presence of electoral officers in the polling stations to make the Monitoring and Electoral Control Unit more efficient, and, finally, the monitoring when the members of the polling stations are drawing up their reports. [no reference to closing of quotation as heard] The observers think all these measures will allow the people to have an idea on how the presidential elections will develop." Kenol Dorvil for Signal FM. [end recording]

**FNP's Baptiste Denounces Maneuver To Break Up FNCD**

*PA2408214395 Port-au-Prince Signal FM Radio in French 1030 GMT 24 Aug 95*

[From "The Waking Up Newscast"]

[FBIS Translated Text] There's a crisis within the National Front for Change and Democracy [FNCD]. FNCD member organizations are accusing some militants of wanting to torpedo the front. National People's Front [FNP] leader Marcel Baptiste accuses members of the government of bribing some militants in order to form a new FNCD.

[Begin Baptiste recording, in Creole] We are denouncing a maneuver by a small team that hides behind President Aristide's popularity and attempts to divide FNCD. We are aware of how a member of President Aristide's private cabinet met with a small team within FNCD and offered them money to rent another office to form another FNCD. He offered them three jeeps. He offered them three ministerial portfolios once they manage to break up FNCD. (?As for us), we are always fighting for unity in the people's camp.

Even though they say money makes dogs dance, we invite those militants who fought for the three years of coup d'etat and who did not let corruption get the better of them to come back to FNCD, to come and sit in the coordination (?office), to come and sit in assembly to solve problems. If they have a problem, it is in assembly — like we use to do it — that the problem can be solved.

(?But) I am informing you that until now no organization within FNCD has withdrawn. They use people within FNCD to sign a paper to show how much division there is within FNCD, which is not true. I am giving the example of FNP, which is an FNCD founding member. I am the leader of FNP, with the right to sign for FNP. But what did they do? They used another FNP member, Jimmy Delpe, to get this paper signed. When I asked Jimmy, he said he did not sign the paper and they put... [pauses] they signed for him. [end recording]

It should be pointed out that certain FNCD members living in the 10th department denounced this week their opinion that National Palace employees were using disloyal maneuvers to destabilize FNCD.

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**New Labor Secretary Sworn In; Comments on Unemployment**

*PA2408131595 Mexico City XEW Television Network in Spanish 0430 GMT 22 Aug 95*

[From the "24 Hours" newscast]

[FBIS Translated Text] Javier Bonilla Garcia was sworn in as the new secretary of labor and social welfare on 21 August. The ceremony was held on the fifth floor of the Labor Ministry's building located in the southern part of Mexico City.

On behalf of President Ernesto Zedillo, Secretary of Government Emilio Chuayffet thanked Santiago Onate for his work while in charge of this secretariat.

[Begin Chuayffet recording] The president has praised the loyalty, competence, and efficiency with which Onate carried out his duties. [end recording]

At a news conference following the ceremony, the new labor secretary said the economic pact will continue, as it has proven to be an effective instrument to counter inflation and to agree on concerted actions among productive sectors. He said that his biggest challenge will be reducing unemployment.

[Begin Bonilla recording] Our policies to lower the unemployment rate have not been effective. The number of unemployed people continues to grow — a problem that we must solve. [end recording]

Bonilla confirmed Javier Moctezuma and Pablo Reyes as first and second deputy secretaries of labor respectively.

Bonilla Garcia, 58, graduated as an economist from the Mexican Technological Institute. He has occupied several government positions, among them president of the National Minimum Wage Commission from 1973 to 1976; deputy secretary of educational planning of the CEP [Secretariat of Public Education] from 1976 to 1977; deputy director of institutional services of the Mexican Social Security Institute, from 1978 to 1982; second deputy secretary of labor and social welfare and technical secretary of the economic solidarity pact from 1988 to 1990; and general director of the National Company for Basic Commodities, Conasupo, from 1991 to 1995.

**Official on National Dialogue, Cabinet Changes**

*PA2408131295 Mexico City LA JORNADA in Spanish 22 Aug 95*

[Report by Andrea Becerril — received via Internet]

[FBIS Translated Text] Government Secretary Emilio Chuayffet Chemor said yesterday the national dialogue has not been interrupted and that "looking beyond circumstantial suggestions" being made by some politicians, the country must plan structural changes and march toward a Mexico of justice, law, and a perfected democracy.

Chuayffet said the political parties have been talking with the federal government in various forums and that what is needed now is "an entity capable of establishing mechanisms for the verification of the agreements that have been reached."

The secretary said the idea is to modify various legal and administrative norms and to satisfactorily implement in Mexico the political reform proposed by the president."

Interviewed after having sworn in the new secretary of Labor and Social Welfare, Javier Bonilla, the government secretary said that the conditions are suitable for implementing the state reforms.

Chuayffet said: "It is publicly known that the most important groups participating in these talks have asked that certain demands be met before agreeing on state reforms, but the dialogue is taking place and other issues of the national life are being discussed. There have been discussions on the country's four main issues: an electoral reform, the reform of the branches of the state, federalism, and citizen participation and the media."

The secretary added: All these issues "are being discussed and all that is needed is a grand table around which everybody may sit and reach an agreement on these four different fields so that the state reform may be abridged.

Secretary Chuayffet noted that some political leaders have presented conditions but that we while "looking beyond circumstantial demands, must examine the suitability of proposing structural changes in the country so that Mexico may become what President Zedillo wants it to be, what he offered the country as a fundamental commitment of his administration: a country with full political development and a perfected democracy, a country of law and justice."

The secretary added that the national dialogue is not stagnant, that the political parties "have been talking with us at various forums that not only are valid but also necessary."

The secretary said that at the Federal Electoral Institute (IFE) there have been meetings on the electoral reform. He added: "At the Chambers of Congress there have been talks about federalism and the media. At the national meeting of prosecutors and in the Senate there have been meetings also and matters related to federalism were discussed."

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So, Chuayffet said, the dialogue goes on. "What I do admit we still lack is an entity where the results of all the discussions in the various forums could converge, an entity capable of establishing mechanisms to verify reached agreements."

The government secretary denied that cabinet changes mean there is an institutional crisis in the country. "Public life is dynamic, neither the government nor society are inert bodies," he said.

When reporters insisted that in only eight months and 20 days of government there have been 10 cabinet changes, Chuayffet said all this means is that "the public administration is dynamic."

He was asked: It does not imply deficiencies? Not necessarily, he responded. I do not have to reach that conclusion, he said.

The secretary said it does not mean inefficiency either because the changes have been due to various causes and there is no single explanation. "Each case is different and therefore it cannot be validly concluded that there is an institutional crisis," he said.

Should the government report on the reasons for changes?, the reporters asked.

The reasons are explained, each change has been explained and there has been no lack of information, he responded.

The reporters insisted: The only explanation given is that the resignations are due to personal reasons.

He answered: That's one reason.

**Banxico Governor on Economic Growth, Inflation**

*PA2408124395 Mexico City XEW Television Network in Spanish 0430 GMT 22 Aug 95*

[From the "24 Hours" newscast]

[FBIS Translated Text] In Chile, Miguel Mancera, governor of the Bank of Mexico [Banxico] disclosed estimated figures on Mexico's economy and inflation this year.

Prominent foreign officials participated in a seminar commemorating the 70th anniversary of the Central Bank of Chile. Following the seminar, Mancera said Mexico's gross domestic product will fall four percent this year, and that according to estimates, by 1996 it is expected to grow three percent.

Mancera added that inflation will increase between 45 and 50 percent this year, but will drop next year when it will range between 20 and 25 percent.

At the seminar, Mancera said the measures adopted by Mexican authorities along with international support to overcome the crisis have made it possible to advance considerably in the his country's economic recovery.

**PRD Document Proposes Zedillo's Resignation**

*PA2208140695 Mexico City LA JORNADA in Spanish 16 Aug 95*

[Report by Rosa Icela Rodriguez; received via Internet]

[FBIS Translated Text] After convening a national dialogue between political, social, and government forces to resolve the crisis, the leadership of the Party of the Democratic Revolution [PRD] has demanded that President Ernesto Zedillo provide an answer prior to his first state-of-the-nation address.

At a meeting attended by all the members of the PRD's National Executive Committee, Senate and Chamber of Deputies factions, assemblymen, and members of all the political trends and groups, Porfirio Munoz Ledo and Cuauhtemoc Cardenas called for PRD unity as the party moves toward its third congress, and urged everyone to work, leaving behind "minor disputes and fights for power," and "strengthening" the party as an "institution."

The controversial proposal to call for Zedillo's resignation appeared in the text titled Proclamation to the Nation, and Cardenas supported the terms of the document, which was agreed upon by all the faction leaders at the congressional factions' behest.

The PRD's central agreement, read by Deputy [word indistinct] Escobar stated:

"The solution agreed upon for the crisis should lead to the formation of a transition government that is democratic, pluralist, and representative of the leading political, economic, and social sectors, which will make national salvation possible and ensure the country's governability through state reforms, substantive economic policy modifications, and the recovery of sovereignty."

After presenting five requests for an emergency program the PRD underscored: "Dr. Ernesto Zedillo and all the employees of his administration should subordinate their personal or partisan interests to those of the nation. If they do, they will save the country further poverty, suffering, and violence, and allow the creation of a new path and a new direction for the government based on national and popular interests."

**En Route to the First Report**

Within the hierarchy of the Siqueiros Cultural Poliforum the request resounded: "The seriousness of the nation's problems demand that the president of the Republic

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promptly respond to the alternative proposal presented by the PRD. The government's decision should be presented prior to the first state-of-the-nation address so that mechanisms and agreements can be found whereby we will be able to establish the foundations for the democratic transition the Mexican people are demanding."

The document, described as conciliatory and moderate toward the federal government, calls first for "the implementation of a new economic policy aimed at the reactivation of growth. For this it will be necessary to renegotiate the foreign debt in order to have the necessary resources for productive investment, which will also allow the execution of an emergency employment program."

The document also proposes the implementation of a long-term industrial policy, the equitable distribution of income, support for local bank debtors, the refinancing of producers' debts, as well as new policies to obtain financial resources to end Mexico's current dependency on the U.S. Government and to replace Mexican oil guarantees with other types of commitments that will not harm public interests and national development."

Secondly, the Proclamation to the Nation proposes the promotion of a general social policy that will guarantee equal opportunity, allot sufficient government financial resources to the sectors and regions of the country most affected by the crisis, set in motion emergency programs in such areas as employment, health, education, and food, and decentralize those programs' resources and administration, leaving them to the states and municipalities.

The document also proposes a new justice system with the reformation of the Judicial Branch, which will help to end impunity and corruption, guarantee the validity of a true state of law, and the full implementation of the law.

In addition, the document demands a solution to the post-electoral disputes in Yucatan and Tabasco; the punishment of Ruben Figueroa and other individuals responsible for the murders which occurred in Guerrero; and a solution to the Route 100 conflict.

Fourthly, the document demands the federal government's promise to respond to the legitimate demands of the EZLN [Zapatist National Liberation Army] and the people of Chiapas, and to intensify the negotiations and the talks as the only path toward a solution.

Lastly, the document proposes the establishment of a new political system based on a thorough reform of the state which stipulates the constitutional principles of a democratic state based on law and order. The new political order must guarantee the absolute prevalence of human rights, pluralism, power succession, an autonomous organization of society, a limitation of presidential powers, strengthening of regional and municipal authority, fair and impartial electoral legislation, honesty and responsibility in government service, and the democratization of the media.

**Party Unity**

In turn, PRD National President Porfirio Munoz Ledo believes the Proclamation to the Nation is a "brief and accurate" diagnosis of the countries situation, "its authoritarian extremes including misgovernment, a halt in production, aberrant inequality, growing insecurity, breakdown of law and order, and the systematic and recurrent violation of human rights.

Also present at the event were Mario Saucedo, Herberto Castillo, Pablo Gomez, Andres Lopez Obrador, Jesus Ortega, Alejandro Encinas, Amalia Garcia, Rene Bejarano, Samuel de Villar, Ramon Sosamontes, Hector Sanchez, Dolores Padierna, Cristobal Arias, Isabel Molina, Rodolfo Gonzalez Guevara, Juan Guerra, Camilo Valenzuela, Cesar Chavez, Ifigenia Martinez, Jorge Martinez Almaraz, Leonel Godoy, [words indistinct], Gilberto Lopez y Rivas, Cuauhtemoc Sandoval, Angelica de la [words indistinct], Armando Quintero, Eduardo Cervantes, and Angelica Luna Parra, including hundreds of other leaders that filled the Poliforum auditorium.

Munoz Ledo emphasized that the party must not only resort to dialogue, convocations, and persuasion, but it must also exert pressure, hold rallies, and use all legal resources. It is important "that the strategies are not turned into standards which are not the legacy of any individual," but into a collective commitment.

"This is a proclamation to the nation which says what we are and what we want to be: a party of free citizens, not of groups, cliques, or corporations," Munoz Ledo indicated.

**No to Disputes**

Munoz Ledo said that the PRD is seeking to be "an open and inclusive party willing to receive and coordinate actions with all individuals wanting to make a commitment to the advancement of democracy and justice," and that the PRD is still "a significant moral point of reference for society, which will not allow itself to become corrupt on fundamental issues, and which must be removed from useless noise, spontaneous inconsistencies, opportunism, and capitulation.

In closing, Munoz Ledo sent a message to the active members of the party: "We are on a war footing to

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defend the program and are decided to correct errors and deviations, to resist attacks against our unity, wherever they may originate; because we are the party the nations needs and looks forward to: combatant, intelligent, incorruptible, and ready to assume the running of government affairs." Munoz Ledo ended: "The party is not, and must not be patrimony of its leadership."

Cardenas' message was brief. He said he subscribed to the proclamation and that the guidelines written therein were the main objective of the PRD, like building a coalition of forces favorable to democratic change.

Finally, Cardenas believes that internal unity, institutionalization, a direct line of action, and the PRD's political program will be strengthened in the third congress.

Legislators Jesus Ortega, who briefly emphasized the advantages of the document, and Hector Sanchez also took part in the ceremony.

**New PRI President Interviewed**

*PA2308010295 Mexico City REFORMA in Spanish 21 Aug 95*

[Report on interview with Santiago Onate Laborde, Institutional Revolutionary Party president, by Roberto Zamarripa; date and place not given —all quotation marks as published; received via Internet]

[FBIS Translated Text] Respect is all they expect from the executive, has stated the new PRI [Institutional Revolutionary Party] leader, who outlined the orientation the party hopes to pursue: "The PRI must serve as an agent of society to play a more important role in devising government programs and actions.

Santiago Onate Laborde, PRI president at age 43, proposed the political dialogue with the opposition to ensure the country's governability.

With regard to the president of the Republic, the new leader said the PRI does not expect to receive "favors outside of the law" but a respectful treatment. Ernesto Zedillo was nominated by the PRI and the party hopes to have a say in public policies.

Santiago Onate Laborde, an experienced attorney and former Mexican envoy to the OAS, expressed that the lack of results in the investigations of political crimes against PRI leaders has generated uneasiness in the country. He remarked that if PRI members are found to be involved in the above crimes, the law shall be applied "without regard to political party membership."

Far from the belligerence of his predecessor Maria de los Angeles Moreno, author of two electoral reforms in the last decade, Onate Laborde already made contact with his colleagues Carlos Castillo Peraza and Porfirio Munoz Ledo to begin conversations on common issues.

One of those affairs is the designation of the IFE [Federal Electoral Institute] director. The PRI would be ready to discuss the appointment of a figure from the opposition in that position because, according to Onate Laborde, to think of "a historical neutrality" of some candidate "limits the list or takes us to work with someone who does not know much about electoral issues."

[Zamarripa] Will there be a dialogue with other political parties?

[Onate Laborde] The PRI sees in other political parties its adversaries in the search for power. But it must also view them as its counterparts for the attainment of governability, for the adequate functioning of institutions, for the realization of the integration of representation organizations. The parties are our counterparts in that political dialogue.

He reported:"I hope not to be making an indiscretion," that he already made contact with the presidents of the PAN [National Action Party], Carlos Castillo Peraza, and PRD [Party of the Democratic Revolution], Porfirio Munoz Ledo, "to speak of common issues."

He said that he will soon meet with each of them and hopes to meet also with leaders from the Labor Party.

A shared concern is the appointment of the new IFE director resulting from the consensus of the parties.

Onate Laborde outlined the profile of that director, according to the PRI: "First, he must know the functioning of the IFE and the electoral laws; second, he must have the ability to carry on a task in keeping with the law and impartiality in his performance.

"He must be neutral toward parties, but with an enormous sense of loyalty towards legality and the electoral institution."

The new PRI president highlighted that the "neutrality" of the IFE director "is sometimes exaggerated." That leads to situations in which "a historical neutrality and someone who has never had any relationship with a political party are sought."

He said that "it is very unlikely to find someone who does not have any kind of liking or has never been a member of any party. Therefore, historical neutrality truly limits the lists or leads us to work with someone who does not know electoral affairs well."

[Zamarripa] Would the PRI be willing to discuss the possibility of a new IFE president who has been a member of an opposition party?

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[Onate Laborde] Yes, as long as he meets the requirements set by the law.

However, Onate Laborde stressed, in any case, the IFE impartiality does not depend on the ability of its director but on the fact the very IFE structure provides guarantees for the impartial functioning of electoral processes.

The decision on the new IFE director will have to be made, Onate Laborde noted, "in four or five weeks" taking into consideration that the PRD will soon hold its national congress and the PRI will enter a process of reorganization of its leadership. "But the decision-making process will not be slow," he affirmed.

**Persons and Programs**

[Zamarripa] How do you receive the PRI?

[Onate Laborde] The party is experiencing difficult moments and also moments of option, that is, it is facing challenges derived from the current circumstances. Recent electoral history should be carefully examined in order to determine the degree of political-electoral strength that we have.

The results of the recent elections reveal victories in municipalities and districts where elections were held, but also show specific problems in large cities and urban concentrations with middle class sectors and among young voters. The PRI must take a look at that in great detail.

He points to reasons the PRI has become isolated from social conflicts. "The problem should be approached from two points: society and the government. The party should act as society's intermediary to have greater incidence in the drafting of programs and government actions. This is not only about people, but also about programs and projects that can, in return, achieve the transformation being sought. In that role, the PRI cannot remain or conform with merely being an electoral vehicle for the makeup of public organizations.

"The elections of our municipal presidents and all the positions cannot constitute, in the case of the PRI, the issue of carte blanche authorizations without any limitation or commitment."

Onate Laborde also assumes that he is receiving a party with strong demands for internal change.

[Onate Laborde] "We are at the onset of a new reform process. The attitude of different militants, groups, and elements of the PRI that are demanding change is obvious. Thus, a broad discussion of the reform's outline is indispensable. We must discuss the topics and aspects the PRI will change in its next assembly to enable the party to have a new organization. Reform will allow the party to have a new organization in keeping with the new situation, the new ways of doing politics in the country.

"Reform, I want to stress, also represents a redefinition of our relationship as a political party to society. In the end, the significance of a political party is not only gauged in terms of its electoral victories — which are essential and breathe life into the political party — but also in terms of its capacity to answer to the voters."

[Zamarripa] What will the party's relationship to President Zedillo be?

[Onate Laborde] The PRI is the party that nominated President Ernesto Zedillo. We won, together with him, in the 1994 elections. He is the chief of state and the chief of government, and as chief of government at the national level — as we also demand it from those who hold positions at the state level, we expect he will treat us respectfully as a political force. We are aware that the president should maintain a position of leadership and direction concerning the entire national political spectrum and that he should seek neutrality by valuing the different political parties. However, Zedillo is our winning candidate, and the PRI brought him to the presidency.

We do not expect the president to grant us any favors outside the law. We do not expect him to give us preferential treatment: We expect an attitude conducive to dialogue, interaction, exchange of views on our ideology, the National Development Plan, and the possibility of having a say in the policies he is implementing, considering that the PRI was the party that nominated him.

[Zamarripa] During your inauguration speech, you proposed not taking politics to the edge. Could you be more explicit?

[Onate Laborde] What I was thinking about is that the organization of the elections, the methods, review, and legal approval correspond to the electoral organizations and, as a last resort, would fall under the jurisdiction of the electoral tribunal.

I believe it is inappropriate to act outside these means, that is, to act under the pressure of noninstitutional pressure mechanisms — be it through the presentation of criminal accusations that are not always corroborated — to seek to achieve a change in electoral results. I am not denying the existence of electoral crimes, but only when they are perpetrated and proven in keeping with criminal laws. I reject the accusations and legal actions that seek to bring about political decisions or change decisions determined by the voters.

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Moreover, I believe that legal matters should be decided judicially. Our party has been a victim: It lost a candidate and a secretary general in a very short period of time, and we do not have any definite results from those investigations. We do not have a conclusion from those legal proceedings. We demand that those legal problems be resolved in a judicial and political manner; not doing so would be very harmful.

PRI militants and leaders have been mentioned in the investigations of those cases. In response to the demand to clarify these cases, PRI members could be found guilty...

The position is that those who might be responsible for committing a crime be tried with respect to due process and punished in keeping with legal stipulations on that particular case without respect to sex, race, religion, personal beliefs, or political affiliation.

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## El Salvador

### Government Expresses Satisfaction With Work Extensions

*PA2408232095 Panama City ACAN in Spanish 2211 GMT 24 Aug 95*

[FBIS Translated Text] San Salvador, 24 Aug (ACAN-EFE) — Salvadoran President Armando Calderon Sol received with satisfaction today the four-month extension that was given to the work permits of thousands of Salvadoran citizens by the U.S. Immigration and Naturalization Service. "We are pleased to announce that the U.S. Government has extended today the deadline for the permanence of the Salvadorans who had permits to work in that country," Calderon stated during a news conference.

Ana Cristina Sol, the Salvadoran ambassador in Washington, has reported that 200,000 Salvadorans were protected by the "Temporary Protection Status" (TPS) in 1990, and later by the "Deferred Forced Repatriation" (DED) program in 1992 — both acronyms from the English words. However, approximately 87,000 Salvadorans have still not been able to legalize their migratory situation, and they are the ones who will benefit from the new deadline that ends on 31 January 1996.

It was explained that those people can process their residency through a new political asylum program known as "American Baptist Churches [preceding three words in English] (ABC). According to the Salvadoran president, the ABC will give the Salvadoran emigres the possibility of "definitely regularizing their migratory situation in the United States."

Calderon asserted that "this is good news for the Salvadoran people, it is equally auspicious for the relatives (of the emigrants) in this country," and "we have to be very happy" with it. He added that the stay was achieved due to the efforts made by Salvadoran organizations when they requested help from political sectors in the United States and to the meetings that the government held with U.S. President Bill Clinton. The consulates and embassy of El Salvador in the United States will increase their advisory services to the emigrants who have still not managed to legalize their situation in that country, Calderon stated.

More than a million Salvadorans left the country in the 1980s, due to the civil war that ended with the signing of the peace agreements between the government and the former guerrillas in January 1992. The monetary remittances sent by Salvadorans who live abroad, mainly in the United States, to their relatives in their home country amounted to more than $900 million in 1994, and are one of the most important sources of foreign exchange for the national economy.

### Calderon Sol News Conference

*PA2408170495 San Salvador Teleprensa Television in Spanish 1630 GMT 21 Aug 95*

[News conference by President Armando Calderon Sol with domestic reporters and an unidentified moderator, at El Salvador Hotel in San Salvador; broadcast in progress — live relay]

[FBIS Translated Text] [Unidentified reporter] ...Blandon, former chief of staff, recently said that he has been in contact with some Army officers who are apparently unhappy with the work of the current administration. Any comments?

[Calderon Sol] I believe that we live here in full democracy and freedom. Any general or former general of our Armed Forces can voice his opinion as he sees fit. I think that the defense minister has very clearly voiced his stand and that of the government of the republic.

[Moderator] Jorge Cortez, of (TNEV Noticias).

[Cortez] Mr. President, Several colleagues recently attended a news conference hosted by the opposition FMLN [Farabundo Marti National Liberation Front] party, and they say the party leaders behaved in such a manner they nearly lost their temper. What do you think about this attitude of the FMLN and its harsh criticism of the government?

[Calderon Sol] I think these impulsive actions do not contribute at all to a debate and to the search for the truth. I think they do not strengthen a constructive dialogue in the search for a solution to problems. I think these violent actions do not entail anything good. I hope this will not happen again, and all sectors will be able to converse without reaching these extremes that are a thing of the past.

[Moderator] Roxana Huembes, of Teleprensa.

[Huembes] Good morning, Mr. President. It was announced that the name of the new foreign minister would be announced after the August vacations. However, his name has not been disclosed yet. Are there any candidates, any names you could announce?

[Calderon Sol] Yes, we were planning to announce his name in a press bulletin. Furthermore, I am happy to announce now his name. We have taken a long time to announce the name of the new foreign minister because we have been working on the modernization of the state, on its improvement, on the reduction of the state organizations, and on the Foreign Ministry's economic mission. The Foreign Ministry has to promote investments, facilitate economic cooperation; it must have a more active role on the country's economy in a

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world that is working on globalization and integration. The Foreign Ministry is called upon to play a very important role, with an outlook on the economy.

To this effect, we are reducing the organization of the state. We will eliminate the Ministry of Coordination for Economic and Social Development. The new foreign minister will be Ramon Gonzalez Giner who will be assisted by a deputy minister for foreign cooperation. Thus, there will be two deputy foreign ministries. The ministry will play a new role, different from the one it has played in our history. The globalization of the world demands a Foreign Ministry with an economic outlook, which is what we want to do. It will promote investments, foreign cooperation, and open new markets. In other words, this is the role played by Foreign Ministries in our contemporary world; they play a very important and different role. I think this is one of the ministries that is called upon to play a very important role for the benefit of the country.

[Moderator] Roberto Montano, of Radio Cabal.

[Montano] Good morning, Mr. President. I wanted to know something about dengue. A state of emergency has been declared, but it was done after two persons had died. The health minister admitted that a state of emergency should have been declared when the persons began to be infected. Why was this decision made after two persons had died?

[Calderon Sol] Look, that is unpredictable. The decision was made after two persons had died...[pauses] the decision was made when one had died, and the second one was about to die. That is not really important. The important thing is that the government and all international organizations are monitoring epidemics and diseases in El Salvador. I think that what you are pointing out has no importance at all. The important thing is that the Public Health Ministry has reacted almost immediately.

[Moderator] Noticiero Eco now has the floor.

[Eco reporter] Good morning. Speaking on the same subject. We know that as a country, El Salvador is adopting actions to counter an outbreak of hemorraghic dengue, however, what joint actions are being taken at the Central American level?

[Calderon Sol] The health ministries are coordinating actions and carrying out campaigns. We have been talking with the various ministers of public health; we have been coordinating actions. There has been a tremendous campaign in Honduras, where both the government and the people have worked hard. All sectors have worked in this national campaign. That is why I particularly urge the media to cooperate by discussing this alarming situation and explaining what we can do, how we can participate in this campaign. There is a sorrowful experience and if we do not treat this well, if we do not all get involved, then mortality will be very high, as it was the case in Cuba. The only way to cope with this disease is by eliminating stagnant waters.

We have also appointed a commission that will go to Beijing. First Lady Elizabeth de Calderon Sol, head of the Family Secretariat and of the Women's Unit, will lead the delegation. She will be the chief of the mission to Beijing. I think that El Salvador's stand in this world conference is necessary and important for the benefit of women. She will be accompanied by several persons, experts, and deputy ministers to this world congress on women.

[Words indistinct] [Calderon Sol] That is because of excessive work. Now, if you do not like the hotel... [pauses] inasmuch as we did not hold the news conference on Thursday, we decided to hold it here, today Monday, in this hotel. We will go back to holding these news conferences on Thursdays, and at the presidential palace, Rosy.

[Unidentified reporter] I would like for you to explain something which I understand is a contradiction. When the Army was sent to the streets, it was allegedly for the purpose of decreasing the rate of crime in the country at the time. Now, the rate of crime has not been stopped. What is happening, Mr. President? Is the Guardian Plan somewhat deficient or is it that we have very few soldiers on the streets?

[Calderon Sol] Look, I think the Guardian Plan has had very good results. It has been over 77 percent effective, crime has been reduced in the rural area with the Guardian Plan. I think it is a coordinated effort of the Armed Forces and the National Civilian Police [PNC]. You can notice that the people accept it and that it has had positive results. We have had results that have been proven with the statistics on crime. I believe that this has been a very good effort.

We have reported that in the urban areas, the PNC has been providing better protection. We are examining behaviors. If it is deemed necessary, and if the people demand the participation of the Armed Forces in this area... [pauses] as you very well know, the Armed Forces' participation in public security has been controversial. Nobody can deny this has been a controversial issue in the past. That is why we have been observing behaviors. In addition, we have strengthened the PNC in order not to expose the Armed Forces which are not prepared to fight common crime. They are trained for

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other purposes. To this effect, we are monitoring this situation. If it is necessary, we will implement it.

[Unidentified reporter] Could you please clarify something? When you appointed Ramon Gonzalez Giner as the new foreign minister, you are thus eliminating the Ministry of Coordination...

[Calderon Sol, interrupting] Yes, we are eliminating the Ministry of Coordination for Economic and Social Development.

[Unidentified reporter] You also said you were going to appoint a deputy minister for foreign cooperation. Do you have that name?

[Calderon Sol] We have appointed Maria Teresa de Rendon for that post.

[Moderator] To conclude, Teleprensa has the floor.

[Teleprensa reporter] Could you provide the name of the new Inspector General, and when he will begin to work?

[Calderon Sol] No, because as you well know, we first have to consult with the human rights ombudsman and with the attorney general of the nation. The president makes the appointment, but both of these officials must accept the appointment. The candidates prefer their names not be disclosed until they have been accepted. In the past, we had the case when one of them did not approve an appointment. This complicates the issue, and that is why the candidates request their names not be disclosed until all three have approved them.

[Moderator] Thank you very much for your participation and good day.

## Guatemala

### President Defends Government Over Lawsuit in U.S.

*PA2408224895 Guatemala City SIGLO VEINTIUNO in Spanish 22 Aug 95 p 4*

[FBIS Translated Text] Yesterday, in a written statement on the announced lawsuit against President Ramiro De Leon that will be filed in the United States over the Celgusa Plant affair, he stated that *my government has been characterized for honestly discussing and managing all political matters without discrimination or favoritism and strictly adhering to the laws of the Republic.*

*All decisions*, he went on, *have focused on the country's interests and have been made for the country's sake, thus avoiding business ventures that might have been harmful to the interests of the state. This attitude could have triggered reactions by institutions and individuals whose interests were directly affected.*

De Leon attached to his statement a photocopy of a letter mailed on 8 August to the *Southern Star Consolidated Corporation* [previous four words published in English], a letter that could reportedly have triggered — as SIGLO VEINTIUNO reported yesterday — the decision to sue him in North America, according to a notification sent to the president himself in a 16 August 1995 letter by the aforementioned company.

Indeed, in a five-page, single-spaced letter, the *Southern Star Consolidated Corporation* explained the legal arguments against a decision to invalidate a number of commitments the country's last three governments supposedly made with this company.

### URNG Cease-Fire Meeting, Results Viewed

#### Agrees to Cease Fire During Elections

*PA2408201795 Guatemala City PRENSA LIBRE in Spanish 23 Aug 95 p 79*

[FBIS Translated Text] According to a Central American Parliament, PARLACEN, press release, the government, through the Peace Commission, as well as the General Command of the Guatemalan National Revolutionary Unity, URNG, and representatives of various Guatemalan political parties agreed in Contadora, Panama, yesterday to sign a declaration through which the URNG decrees a cease-fire from 1 to 13 November.

It adds that *in this historical meeting the general secretaries of the Guatemalan political parties played a key role and, after a broad debate, a resolution was approved. In this resolution, the URNG vows unilaterally to respect the electoral campaign.*

Hector Manuel Klee Orellana, president of the PARLACEN Political Commission, was very pleased with the signing of this honor pact which shows *the political work done by the PARLACEN to consolidate democracy and peace in Guatemala, a work that involved gathering the politicians, the government, and the URNG representatives.*

The guerrilla's commitment was included in the Contadora Declaration, a document that representatives of the guerrillas, the government and the Guatemalan political parties signed on the Panamanian island yesterday. Panama served as the site of the Central American peace agreements 10 years ago.

This agreement parallels the peace negotiations between the URNG and the government, under UN mediation, PARLACEN — the organization that promoted the Contadora meeting — leaders reported.

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The Contadora meeting was one of the main activities within the Fourth Central American Political Parties' Conference which ended in Panama City yesterday.

Klee added that *the document was a successful effort and a Christmas gift given to Central America and the Guatemalan people in advance, a document that will pave the way for a firm and lasting peace within a short term.*

The final declaration was signed and ratified by political leaders Juan Ayerdi of the National Union of the Center, UCN; Rodolfo Dougherty of the National Vanguard, PAN; Pablo Duarte of the Guatemalan Republican Front, FRG; Mario Sandoval Alarcon of the National Liberation Movement, MLN; Eduardo Rottman of the Solidarity Action Movement, MAS; and Xiomara Gomez of the Guatemalan Christian Democracy, DCG.

Deputy Klee signed on behalf of the PARLACEN, Hector Rosada Granados and Antonio Arenales Forno on behalf of the government delegation, and Pablo Monsanto and Gaspar Ilom on behalf of the URNG General Command.

**De Leon Terms Guerrilla Willingness Positive**

President Ramiro de Leon Carpio last night described as positive the guerrilla's willingness to decree a cease-fire from 1 to 13 November to permit the holding of the general elections scheduled for 12 November.

However, the Guatemalan president expressed *hope* that the *substantive issues* — the political, economic, and military segments of the negotiation — of the Guatemalan peace process will be *solved* by then.

De Leon explained that, according to the information he received, the URNG commitment will be honored if two of the matters pending discussion are yet to be resolved.

These two matters are *the socioeconomic aspects and Guatemala's agrarian situation, as well as the strengthening of civil power and the Army role in a democratic society.*

*I hope that these substantive issues are solved and that we have begun the operational phase which includes the demobilization and the cease-fire. However, if for some reason this has not happened yet, then I think it is positive to suspend the fire for the electoral event,* De Leon noted at an impromptu news conference.

The commitment of the URNG, which has been holding talks with the government since April 1991, is included in the so-called *Contadora Declaration,* a document signed yesterday by representatives from the rebels, the government, and the Guatemalan political parties on the Panamanian island.

Referring to the meeting, De Leon said that it seems *more positive* the commitment of the country's largest parties to comply with the peace agreements signed and yet to be signed with the URNG.

*This means that they — the parties — are ratifying the agreements and this is very important to put and end to the war,* he concluded.

**President Praises URNG Election Call**

*PA2408235795 Guatemala City Televisiete Television in Spanish 1900 GMT 22 Aug 95*

[From the "Channel Seven News"]

[FBIS Translated Text] The top leaders of the Guatemalan Government's Peace Commission and of the Guatemalan guerrillas held an important meeting in Panama City. There they demanded support for the peace process in Guatemala.

Guatemalan guerrilla commanders Gaspar Ilom and Pablo Monsanto reportedly participated in the meeting. Central American Parliament members, Guatemalan political leaders, and representatives of the Guatemalan Peace Commission also participated in that meeting.

President Ramiro De Leon Carpio has said the Guatemalan National Revolutionary Unity's [URNG] search for support for the pacification process at the Central American level is very positive.

[Begin De Leon recording] I think this is fine, an excellent position. I think it is consistent with their latest statements and with their call on voters to vote, something they had not done in 34 years. In the past, they used to call for absenteeism. They are now calling for support for the elections process and for the people to vote. They are participating. [end recording]

The president said the Supreme Electoral Tribunal is independent, and other state organizations cannot meddle in its functions.

[Begin De Leon recording] The electoral authorities have their sphere of action. I am being impartial by abstaining from stating my opinion. I am immersed in the election process just like any other Guatemalan, but I have the obligation to fulfill legal requirements so that the process may correctly take place in the framework of the law. The electoral authorities state their opinion on electoral matters. You have heard the opinion of the president of the Supreme Electoral Tribunal.

I ask you to forgive me for not stating my opinion on matters such as the inclusion or not of a candidate, etc. I

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avoid this because I very much respect the independence of the powers of the state, their jurisdiction, and the autonomy of the electoral authorities. It is up to them to state their opinion on this sort of matter. Matters related to this issue must be referred to them. [end recording]

## Nicaragua

### Reportage on Opening of DEA Office in Nicaragua

#### Deputies Criticize Opening

*PA2408130195 Managua BARRICADA in Spanish 23 Aug 95 p 2*

[Report by Carlos Garcia Castillo]

[FBIS Translated Text] The U.S. DEA has presumably been using an islet located in the Nicaraguan Pacific, identified by fishermen as La Cocinera, as a center to operate against the routes used by international drug traffickers, [FSLN — Sandinist National Liberation Front] Deputy Doris Tijerino said yesterday.

According to Tijerino's charge, the fishermen — who were not identified due to security reasons — have been observing, since the end of 1994, the presence of crafts of presumed DEA agents being docked in the islet for several days. These crafts are furnished with sophisticated equipment to enable the DEA agents to act against drug traffickers.

The deputy urged the Parliament's Foreign Relations and Government commissions to investigate the details of the authorization given to open such an office, which is presumably located in the U.S. diplomatic mission in Managua.

"I believe these commissions should have an interest, delve into, and investigate what are the terms of the DEA presence in Nicaragua, particularly because that organization is being installed here in a preelection year," she recalled.

Meanwhile, Deputy Nathan Sevilla pointed out that the opening of a DEA office in Managua constitutes an open violation of Article 138, Subparagraph 12, of the Constitution, which stipulates the Executive's obligation to submit to the National Assembly any treaty, agreement or pact to authorize the operation of organizations related to defense and security, among others.

Deputy Sevilla stressed that only the National Assembly was entitled to know about this type of authorization because otherwise, the Executive would be violating the Constitution of the Republic.

Sevilla emphasized that the constitutional article dealing with National Defense establishes that there cannot be more armed forces in Nicaragua than those authorized by the Constitution and the laws, and only a law could determine the presence of a foreign military institution.

Sevilla remarked that "in the countries where it operates, this agency sets up drug trafficking operations to implicate and pervert the nationals, all in keeping with its own interests."

The DEA presence in Nicaragua constitutes a threat, a true large-scale manipulation campaign, as it happened in countries such as Panama, he warned.

From any angle, the DEA constitutes a threat to the healthy functioning of any society, particularly nations such as ours that are subjected to economic and social backwardness, the deputy pointed out.

Deputy Damaso Vargas stated that the Sandinist Front is very concerned over the opening of the DEA office because it shows the Executive's illegal and unconstitutional authorization.

"Even though the Government minister has said that the DEA presence will only be limited to one person, the truth is that we are all aware of all the tentacles the (U.S.) Embassy has got to work in any part of the national territory," Vargas explained.

Vargas believes there are circumstances that demonstrate that DEA agents have participated in military operations in Nicaragua and that, consequently, their duties will not be limited to a simple exchange of confidential information. I believe this is reason enough for the National Assembly to investigate this authorization, Vargas stated.

#### Deputy Tijerino Further on Opening

*PA2408205195 Managua LA PRENSA in Spanish 23 Aug 95 p 3*

[Report by Nohelia Gonzalez]

[FBIS Translated Text] Deputy Doris Tijerino said yesterday that the Drug Enforcement Agency (DEA) uses drug trafficking to finance political or military operations and stated that the opening of an office in Nicaragua will come to contaminate the "weak" democracy of the country.

Tijerino, third vice president of the National Assembly Board of Directors and member of the Counternarcotics Commission, who has spoken up several times against the opening of a DEA office in Managua, dismissed in statements to reporters the DEA function against drug trafficking.

"They use drug trafficking to finance their political-military operations according to their interests. It is not

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true they fight drug trafficking," remarked Tijerino, for whom the installation of DEA offices is "part of the intervention in Latin American countries and the entire world."

She added it calls to her attention "that in a preelection year, they come to try to contaminate the weak and nearly nonexistent democracy in the face of the attempt Nicaraguans are making to organize their government differently."

Tijerino asserted that the DEA "is the most efficient instrument of penetration and domination over Latin American countries they have found in recent years, and said that DEA agents have carried out operations from Isla Cocinera, in the Nicaraguan Pacific.

Tijerino expressed: "I am sure that boats carrying U.S. personnel and equipment have arrived on that island and sometimes they stay there for some time, and the peasants, fishermen from the region relate them to some operations carried out in the past." The deputy indicated that the government has known all along about the presence of said agents.

The deputy affirmed that she is opposed to the methods used by the DEA, "because they do not stop drug trafficking where the drug is produced and prevent the trafficking from being organized." Tijerino criticized the DEA request to include in the drug bill an article excluding DEA agents from detection operations when deemed necessary.

"When the DEA requests here that an article be included in the bill to guarantee the supervised delivery [entrega vigilada], what they are asking us, as Nicaraguans, is that when the local police apparatus detects a shipment of drugs or when the DEA deems it necessary to stop it and its agents are involved, they may be exonerated from criminal action," she said.

Tijerino said that should inclusion of the article be accepted, "they would in fact be telling us: Legalize drug trafficking and authorize us to cut trafficking wherever we please. This makes me wonder, what is the benefit for us?"

The member of the Assembly's Counternarcotics Commission said that the inflow of drugs into the country should be definitely stopped "and we should not venture into police games and operations because that means allowing drugs to be distributed and retailed in the country."

It would also, she added, allow drug traffickers to recruit government officials and armed forces members to guarantee trafficking throughout national territory without problems. "I am not worried about myself because I have no power to guarantee trafficking, I am not worried about the people; it is not the proletariat that is useful for that, but officials of the government and the Armed Forces."

She pointed out that the DEA knows of laboratories where drugs are processed in Colombia and are capable of destroying them. "They are capable of mounting anticrime operations; they have shown that they are capable of operating where drugs are produced."

Tijerino called on the United States to promote educational campaigns to eliminate "that mass of consumers who are, in the end, the reason for the existence of drug trafficking."

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## Argentina

### Menem Said Planning To Split Economy Ministry

*PY2408204195 Buenos Aires LA NACION in Spanish 23 Aug 95 p 1*

[Article by Mauricio Carini]

[FBIS Translated Text] As a way of informing Economy Minister Domingo Cavallo of his feelings after his open confrontation with ruling party leaders and before the economy minister's scheduled news conference, President Carlos Menem yesterday sent a clear message to Domingo Cavallo: He plans to divide the Economy Ministry into three ministries.

A very high-ranking government source told LA NACION that these new ministries would involve a Finance Ministry, a Production Ministry, and an Agriculture and Livestock Ministry. This proposal would be included in the new ministries bill. Despite the comfortable timetable that had been considered until yesterday, the possibility of immediately implementing this bill was not ruled out.

The president raised his proposal to divide the Economy Ministry during a meeting at the Olivos Residence yesterday morning. Cabinet Chief Eduardo Bauza, Interior Minister Carlos Corach, Senator Eduardo Menem [Justicialist Party], and Deputy Jorge Matzkin [Justicialist Party], among others, participated in the meeting.

This was not Menem's only sign for Cavallo after a hot day of domestic politics, which was marked by a slump in the financial markets.

The source confided that, visibly irritated with his minister, the president had even thought of proposing that former Economy Minister Roberto Alemann succeed Cavallo.

The step backwards taken by Cavallo yesterday — a decision in which Menem has allegedly been directly and significantly involved — seems to have left offers pending.

### Impact, Implications of Cavallo's Denunciations Viewed

*PY2408232995 Buenos Aires LA NACION in Spanish 23 Aug 95 Second Section p 3*

[Article by Jose Ignacio Lopez: "Nothing Will Be As It Was Before"]

[FBIS Translated Text] The Menem administration seemed willing to once again exhibit its odd ability to wash its dirty linen in public only to subsequently make it vanish as if by magic in a move to pass the burden of the responsibility for this situation onto Argentine society, which only seems to be given the possibility of taking refuge in the most varied degrees of bewilderment.

True to his blunt style, verging on the authoritarian on a good many occasions and nearly always indicative of somebody who thinks he no longer is prone to the human condition of falling into error, [Economy] Minister Domingo Cavallo went too far this time.

#### The Post Office as a Backdrop

Some months ago, the debate in Congress on the Post Office Bill was the backdrop for this episode. Although it had been estimated that as the possibility of the enactment of this law became more distinct, the clash of wills would once again be explosive, no forecast even began to approach the chain of events that Cavallo triggered from the moment he put in an appearance on the television program hosted by Mariano Grondona on the evening of 17 August.

Ready to go out to battle to defend the honor of his aides, the economy minister spoke of mafias and hurled accusations right and left until he ended up by saying that those mafias are embedded in power.

In this sudden attack, the list of high-ranking government officials targeted by the minister's impassioned speech was lengthier than ever before and included both Vice President Carlos Ruckauf and the powerful governor of Buenos Aires Province, Eduardo Duhalde, with whom Cavallo had discussed industrial policy several weeks before. In an obvious response to Duhalde's demand for a clarification of his charges, this time, the economy minister publicly asked the Buenos Aires Province governor to listen to or read the remarks he had made on 17 August.

Other articles in today's issue of LA NACION record those and other details. These are sufficiently expressive of the seriousness of this situation, which the mere willpower of the leading protagonists will hardly alleviate.

#### A High Price

The truth is that this is not the first time that infighting within the government seems to have gone to the brink of a precipice and then the person responsible for this situation looks at the dumbfounded spectators as if they had dreamed everything.

Nevertheless, one can hardly imagine that things will be as they were before, at least with regard to relations between the economy minister and vast government sectors, both in the cabinet and in Congress.

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The fact that President Menem has had to support the economy minister time and again over the last few weeks is a clear indication of the present situation. Cavallo's strategy to recover political clout is there for everyone to see, and the matter cannot be considered as closed. In any case, one can easily conclude that he has paid dearly for this.

The economy minister has given proof of his intention to remain in his post, outmaneuvering those who construed his move as a prelude to his resignation. Evidence in support of the president's unfailing support for Cavallo following the events of the last few days is, however, not so convincing. Those who concur with this way of interpreting this episode — which is by no means closed yet — also believe that things will no longer be as they were before and that at a given moment in the future, and with the benefit of hindsight, these events will prove to have been the beginning of the end.

## Bolivia

### Government To Prevent Cali Cartel From Entering

*PY2408183295 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 24 Aug 95*

[FBIS Translated Text] The Special Antinarcotics Force [FELCN] is alert because it does not want Bolivia to be invaded by foreign drug traffickers.

FELCN Chief General Simon Sejas Tordoya said he has asked his counterparts in neighboring countries for a greater flow of information on the criminal groups linked to trafficking. He said the greatest concern is that members of the dreadful Cali cartel may escape to Bolivia now that this Colombian organization has been practically dismantled. Gen. Sejas said the exchange of information will help prevent any problem.

[Begin Sejas recording] We have sent notes to the antidrug chiefs of all the republics, not just to neighboring countries but also to Ecuador, Colombia, and Venezuela, pointing out that the destruction of the Cali cartel in Colombia may cause the migration of this gang toward our territory. I have asked my counterparts for a more fluid exchange of information to prevent Cali members from entering our territory. [end recording]

The disruption of the Cali Cartel began when its chief Gilberto Rodriguez Orejuela was captured last June.

## Brazil

### Cardoso Installs New Information Analysis Group

*PY2508015395 Sao Paulo AGENCIA ESTADO in Portuguese 2108 GMT 23 Aug 95*

[FBIS Translated Text] Brasilia, 23 Aug (AE) — During a ceremony held at Planalto Palace, President Fernando Henrique Cardoso today installed the Research and Analysis Group (GAP) [Grupo de Analise e Pesquisa], which will be coordinated by Professor Luciano Martins. The GAP will serve as a liaison between the president and the people. Martins said it will be GAP's role "to generate more qualitative information to feed the decision-making process of the president of the Republic."

Cardoso said that today's world is similar to that of the Renaissance. He said: "I have often fought that pessimistic approach that causes people to look at things in the short term, to look downward, without a sense of greatness, or without realizing that we today are facing major challenges everywhere, not only in Brazil." In his opinion, Brazil today is undergoing "a silent revolution," which entails a change of behavior, of mentality, and of expectations, and no leader can be aware of all that by himself.

Cardoso added that although the constitutional amendments have been an extraordinary achievement, there is still a long way to go. He said: "We must change practices. We must change our patterns of relations."

After the installation ceremony, the GAP members attended a working lunch with President Cardoso at Alvorada Palace. The GAP Council consists of Jose Israel Vargas, Science and Technology Minister; Federal Administration Secretary Luis Carlos Bresser Pereira; Strategic Affairs Secretary Ronaldo Sardenberg; presidential spokesman Sergio Amaral; Edmar Bacha, BNDES [National Bank for Economic and Social Development] president; Fernando Rezende, IPEA [Applied Economic Research Institute] superintendent; Gilberto Dupas; Jose Arthur Gianotti; Jose Pastore; Jose Mendonca de Barros; and Admiral Mario Cesar Flores. During the ceremony, the president launched the book "Brazil and Contemporary Economic and Political Trends," which consists of lectures given during seminars held at Itamaraty prior to President Cardoso's inauguration.

### PFL Expresses Support for Cardoso Administration

*PY2308014895 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 22 Aug 95*

[FBIS Translated Text] Liberal Front Party, PFL, President Jorge Bornhausen said that the PFL will not break away from the administration. Bornhausen recalled the commitments assumed by the PFL with regard to the Fernando Henrique Cardoso political platform, which the PFL considers very important for the future of the country. Bornhausen admitted that Senator Antonio Carlos Magalhaes somewhat exaggerated the Economico

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Bank case, despite the fact that all he intended to do was to help solve the bank's problems.

**Image Abroad Following Economico Bank Crisis Viewed**

*PY2308134295 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Aug 95 p A3*

[Editorial entitled: "To Defend the System" from the Notes and Information page]

[FBIS Translated Text] The efforts made to change the image of the president of the Republic have not reached the foreign countries yet. The Economico Bank crisis has had bad repercussions abroad. What is deemed bad for the president who, according to LE MONDE, has been "blackmailed" by Senator Antonio Carlos Magalhaes, is also deemed bad for the Brazilian banking system. Deputy Luis Carlos Santos, the government leader of the Chamber of Deputies who is concerned about solving the confrontantion — which has now become evident has produced no winners or losers — should not only warn the president of the Republic but also the Central Bank president about these facts. The head of the executive branch — who must have felt reassured by the first lady's opinion his handling of the crisis ("an appropriate solution") which she has been following through the newspapers ("which are often biased") — does not seem to share the opinion of Deputy Luis Carlos Santos or to worry about the country's image abroad. So much so that the president could not avoid saying that "a public man who shouts all the time to show that he has power is not a public man." In saying that, Cardoso was clearly referring to Sen. Magalhaes, who strategically decided to keep rather silent about the president's remark. What Deputy Santos should tell the president of the Republic, who is trying to restore his image through theatrical tricks, and to the Central Bank directors is that they must concentrate on solving the difficulties of the financial system, which is the object of the FINANCIAL TIMES' concerns. This U.S. newspaper puts the financial systems of Brazil, Argentina, and Latin America in general in the same basket. We say that because in an attempt to trigger a very serious crisis or simply to further harm the Cardoso Administration's credibility, the alarmists are already making speeches and spreading criminal rumors about the banking situation. Government officials must look after this situation very carefully. As Bahia has a governor and Deputy Benito Gama is acting as mediator between Governor Paulo Souto, Sen. Magalhaes, the president of the Chamber of Deputies, and the Bahia PFL [Liberal Front Party] bloc, which is close to the president of the Republic, the solution to the Economico Bank crisis should be allowed to follow its natural course. The situation can be thus summarized: Unless the president of the Republic decides to deny his own words, who will be able to obtain the billions of reals being demanded by the Central Bank? It will certainly not be the business mediators who formulate policies for the presidency of the Republic, the Central Bank, the Bahia State government, or a private bank. They would not act as if they were mere consultants, although they would be competent consultants who cannot be criticized as Mr. Milton Dallari has been.

If there is something to be observed in this crisis — which can have unpredictable political consequences — it is the fact that there is an ostensive concern abroad over the Brazilian banking system (which must be considered within the Latin American context). Another thing to be observed is that the clerks of the Salvador office of the Economico Bank, probably instructed by the CUT [Sole Workers Center], are the ones demanding that Mr. Angelo Calmon de Sa [Economico Bank president and one of its owners] be held responsible for the situation. It is true that Calmon de Sa's assets in the country are inalienable, but it is a sign of the deleterious state we have reached to see that the executive branch and the Congress, the Bahia State government and the Bahia people, as well as people from Minas Gerais and Sergipe towns and cities have to discuss the problem and seek a solution while the name of the person who can be held responsible for the situation is hardly mentioned. The Economico Bank issue has become a government issue and a political issue. Despite all that, some people jokingly stir up regional feelings the way a Bahia deputy did when commenting on the guarantees demanded by the Central Bank. He simply said: "We will give the same guarantees that the state of Sao Paulo, which does not pay for its debts, gives." He was referring to the situation of the Sao Paulo hydroelectric plants that do not pay their debts to Eletrobras [Brazilian Electric Power Company, Inc.].

Now is not the time to determine who shouts louder or who criticizes the one who shouts the most. Pernambuco wants a solution to the Mercantile Bank different from the one being considered for the Economico Bank. Sao Paulo could then request another solution to this small bank known as the Sao Paulo Commercial Bank. The Central Bank's resistance to political injunctions must be praised and supported in this delicate moment. Similarly, we cannot overlook the efforts the Bahia productive classes are promising to make to increase the Economico Bank deposits in order to help its financial recovery (if this is at all possible), although these efforts show that regional feelings are prevailing over a rational analysis of the facts. These efforts, however, can be exploited in a perverse manner if tempers continue to

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flare and it proves impossible to definitively clarify what has been said and what has been understood during the famous meeting held between the president of the Republic and the Bahia PFL bloc. Sen. Magalhaes left the meeting convinced of something that Planalto Palace denied a few hours later in an official note.

**Roundup of Economic Reports**

*PY2408131095*

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 23 August.

**Exports**

The National Association of Paper and Pulp Manufacturers has reported that in the first seven months of 1995, the increased local demand has compelled paper manufacturers to reduce paper exports by 25.14 percent compared with the same period in 1994. Between January and July 1995, paper exports amounted to 616,531 metric tons, compared with 823,370 metric tons in the same period in 1994. (Sao Paulo AGENCIA ESTADO in Portuguese 2024 GMT 22 Aug 95)

**Trade Balance**

The Central Bank has reported that, in December 1994, Brazilian trade registered a deficit of $1,063 billion. (Sao Paulo AGENCIA ESTADO in Portuguese 2201 GMT 21 Aug 95)

For the first time since October 1994, the balance of trade registered a $2-million surplus in July, when exports amounted to $4.004 billion and imports to $4.002 billion. The July surplus is 99.84 percent lower than the $1.224-billion surplus in July 1994. Between January and July 1995, the accumulated deficit reached $4.265 billion, which is negative 153.31 percent down on the same period in 1994, when there was a surplus of $8.001 billion. Between January and July 1995, imports reached $29.718 billion. This is 87.64 percent up on the same period in 1994. Compared with June 1995, exports in July dropped by 2.82 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1706 GMT 16 Aug 95)

**International Trade**

The Odebrecht group will resume work on the Capanda hydroelectric power plant in Angola, which is worth $800 million. The group will also resume work on the $200-million Catoca diamond mining project, in which Odebrecht owns 20 percent of the stock; and on the Mining Development Society project, in which Odebrecht owns 50 percent of the stock. Odebrecht is also working on an urban development project for Luanda, which is worth $100 million. (Sao Paulo GAZETA MERCANTIL in Portuguese 21 Aug 95 p A8)

**Balance Of Payments**

The Central Bank on 18 August reported that in the first half of 1995, the Brazilian balance of payments showed a $5.5-billion deficit. In the same period of 1994, the balance registered a surplus of $11.4 billion. In the first half of 1995, the net capital inflow amounted to approximately $5.9 billion. In current transactions, the deficit stood at $11.4 billion. This current account deficit accounted for a reserve drop of $5.5 billion. (Sao Paulo AGENCIA ESTADO in Portuguese 2359 GMT 18 Aug 95)

**Company Profits**

Net profits made by the Rio Doce Valley Company in the first half of 1995 amount to 100.624 million reals, R, some 1.07 percent of its liquid assets, which at the end of the period stood at R9,319,910,000. (Sao Paulo AGENCIA ESTADO in Portuguese 2104 GMT 17 Aug 95)

**Economic Indicators**

The Brazilian Institute of Geography and Statistics has reported that in the first 12 months of implementation of the Real Plan, the GDP grew by 7.81 percent and the per capita income grew 6.3 percent. In 1986, during the first year of the Cruzado Plan, the GDP grew 7.05 percent and the per capita income grew 4.94 percent. In 1994, during the first year of the Collor Plan, the GDP dropped 4.35 percent and the per capita income dropped 5.94 percent. In the first year of the Real Plan, the industrial sector grew 9.6 percent, the agriculture sector grew 6.8 percent, and the services sector grew 6.6 percent. Between April and June 1995, the GDP dropped by 3.9 percent compared with the January-March period. This is the largest quarterly drop since the first quarter of 1991, when the GDP dropped by 4.87 percent compared with the last quarter of 1990. The accumulated GDP growth in the first half of 1995 is 5.8 percent. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Aug 95 Section 2 p 3)

The large inflow of foreign capital in July — over $7 billion — the treasury deficit, and the Central Bank aid to banks prompted the largest expansion of the monetary base so far in 1995, some 7.8 percent. The balance rose from R13.9 billion to R15 billion. To remove money from the economy, the Central Bank sold certificates worth R9.7 billion, causing the domestic debt to rise in one month from R69.4 billion to R82.2 billion. International cash reserves in July 1995 stood at $39.7 billion, the same as in November 1994. (Sao

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Paulo AGENCIA ESTADO in Portuguese 2344 GMT 18 Aug 95)

**Domestic Savings & Investment**

The Brazilian Agriculture and Livestock Research Enterprise, Embrapa, has invested R700,000 in new laboratories at the National Center for Research on Corn and Sorghum, and in its Applied Biology Center. The new facilities will be used for biotechnology research and development. The Embrapa research center is one of the most modern in the world. The enterprise also purchased laboratory equipment worth $2 million. (Sao Paulo GAZETA MERCANTIL in Portuguese 18-20 Aug 95 p B16)

An investigation by the Court of Accounts in nine northern states shows that 503 projects under federal, state, and municipal government responsibility — in which R1 billion has been invested — are either paralyzed or incomplete. Completion of the projects will call for a R2.1 billion investment. At the top of the list, Bahia has 155 incomplete projects, followed by Ceara with 86 projects in which R199 million was invested. Completion of the Ceara projects will require R705 million. Bahia will need R505 million to complete its projects. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 17 Aug 95 p 4)

**Domestic Debt**

In July 1995, the federal government's internal debt in public certificates jumped from R69,493 billion to R82,223 billion. Part of this 18.3-percent growth was caused by the aid the Central Bank has extended to the banking system. At the end of July, this aid reached R2,784 billion. The domestic debt of states and municipal districts has grown by 72.3 percent since the start of the Real Plan. In July, the treasury deficit prompted the printing of R1,128 billion. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 Aug 95 Section 1 p 8)

The Central Bank on 18 August reported that in February 1995, the total debt of Sao Paulo State totaled R20.481 billion, of which R451.292 million was its foreign debt and R10.191 billion was its internal debt. In May 1995, the Rio de Janeiro State total debt amounted to R5,627 billion. (Sao Paulo AGENCIA ESTADO in Portuguese 2339 GMT 18 Aug 95)

**Public Accounts**

The National Treasury has registered a deficit of R472 million, resulting from revenues of R7.208 billion and expenses of R7.680 billion. This is the second deficit registered in 1995. Treasury Secretary Murilo Portugal said the deficit was caused by seasonal increases caused by the allocation of 50 percent of public servants' Christmas bonuses. Compared to the same period in 1994, revenues grew by 15 percent. So far this year, the accumulated treasury deficit stands at R1.331 billion. (Sao Paulo GAZETA MERCANTIL in Portuguese 11 Aug 95 p A5)

**Employment**

Luis Americo Medeiros, president of the Brazilian Textile Industry Association, today reported that textile product imports have already caused the dismissal of about 80,000 workers in the sector. Medeiros deplored the fact that 120 textile products are still without protection. He reported that cotton shirt imports, which pay no taxes, have reached $1 million. (Sao Paulo AGENCIA ESTADO in Portuguese 1652 GMT 22 Aug 95)

The Research Department of the Sao Paulo State Federation of Industries reports that over the past 12 months, the accumulated employment rate growth stood at 0.28 percent. So far in 1995, employment dropped by 1.40 percent, equivalent to 32,566 dismissals. (Sao Paulo AGENCIA ESTADO in Portuguese 2151 GMT 21 Aug 95)

A poll by the Inter-Union Department for Statistics and Socioeconomic Studies and the State Data Analysis System Foundation shows that 52,000 jobs closed in Greater Sao Paulo in July. The industrial sector closed 35,000 posts, the commercial sector 8,000, and the services sector 31,000. These closures were compensated by the creation of 22,000 jobs in other sectors, especially in civil construction. In July, there were 1,076,000 unemployed workers in Greater Sao Paulo. (Sao Paulo AGENCIA ESTADO in Portuguese 2114 GMT 21 Aug 95)

**Banking Regulations**

The Central Bank on 17 August announced the reduction of the legal deposits by banks. The deposits on loans and on time deposits were reduced from 10 to eight percent, and from 30 to 20 percent, respectively. The Central Bank also exempted current account deposits up to R2 million. These measures will return R10 billion to the economy. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Aug 95 p B1)

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## Chile

### Senators Reject Frei's Bill on Armed Forces Organization

*PY2508032195 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 25 Aug 95*

[FBIS Translated Excerpt] All National Renewal [RN] senators have rejected the government bill that bestows upon the president of the Republic the power to send generals and admirals into retirement.

Although the possibility that some RN senators might refuse to debate the Armed Forces Organizational Law has been ruled out, there were surprises at noon today in the Senate when all 11 senators of this political organization plus UCC [Center-Center Union] Senator Francisco Javier Errazuriz and Independent Antonio Horbath asked that this subject not be discussed, for not being opportune. [passage omitted]

Despite the RN senators' rejection of the Armed Forces Organizational Law, the government is willing to make all possible efforts to achieve national reconciliation. [passage omitted]

### Gen Pinochet Tells Soldiers To 'Keep Silent'

*PY2408134595 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 24 Aug 95*

[FBIS Translated Text] General Augusto Pinochet today called upon the military to close ranks and keep silent. Gen. Pinochet celebrated 22 years today as commander in chief of the Army.

[Begin Pinochet recording] Considering the situation at this moment, we must only congratulate ourselves and keep silent. [end recording]

This is how Gen. Pinochet responded to the morning greeting by a delegation of officers from the Santiago Garrison, headed by General Carlos Krumm. At the sound of the happy birthday tune, Gen. Pinochet shook the hands of all the military officers present.

Later, in his office, Gen. Pinochet received the greetings of representatives of the Navy, Air Force, and Carabineros. At noon, he went to the military academy where the Army, together with delegations from all units of the country, congratulated him on his 22d anniversary as commander in chief.

In his speech thanking everyone for their greetings, he recalled the causes of the 1973 military coup and said that during that period he fully engaged in defending the fatherland, avoiding the politicization of the armed corps, which is the essential basis of the country's stability.

[Begin Pinochet recording] For this reason, one of the great achievements of the 1980 Constitution was that of drawing on our character and experience and reflecting them in measures that effectively contribute to preserve military professionalism and to safeguard the moral and cultural conditions which are essential to fully assume the role entrusted by the constituent assembly. [end recording]

Gen. Pinochet then called upon all those who had played an important role over the past few years to seek a reconciliation formula.

[Begin Pinochet recording] The modern world urges us to act promptly in all areas which can contribute to an effective reconciliation. It also urges us who have been protagonists of Chilean history over the past 25 years to make a great and special effort to overcome the natural difficulties we face in making an objective judgement concerning what has been a part of our experience.

In view of the problems and situation prevailing today, I want to tell the Army soldiers to look toward the future, to close ranks, to keep their silence, and to wait for their destiny. Viva Chile. [end recording] [applause]

## Colombia

### Ambassador Sanin Resigns; President, Congressmen React

*PA2508032595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 25 Aug 95*

[From the "Seven O'Clock Newscast;" passages within quotation marks recorded]

[FBIS Translated Text] On the afternoon of 24 August, Noemi Sanin unexpectedly resigned from her post as Colombian ambassador to the United Kingdom. In her letter of resignation, she stated that she needs to regain her independence in analysis and criticism in view of the serious crisis the country is experiencing.

With her resignation, the ambassador is seeking to free herself from the ties with this government to be able to define her position as a political leader and member of the ruling class.

The letter reads: This decision stems from the need I have to regain my full independence and my ability of expression, analysis, and criticism in view of the serious crisis the nation is facing. The events linked to the financing of the past electoral campaign, events that the Prosecutor General's Office is now investigating, do

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not only concern the national and international public; they also are the greatest cause of the loss of credibility that we have had to face.

Even though Sanin recognized the example President Ernesto Samper has set by placing himself at the disposal of justice, she explained that it is important for the investigations to continue until the final consequences and not to disappoint those Colombians who are seeking a more dignified political future for their country. Despite the seriousness of the circumstances and the very high price they represent in Colombian life, the fact that the judicial system is getting to the bottom of the events that took place in the past elections is healthier than the fact that the leadership, through a wrongful self-preservation instinct, is deciding to accommodate what constitutes a judicial investigation with political deals.

Former Minister Sanin stressed her personal affection for President Samper, an affection that began when they were classmates at the Javeriana University. However, she told him that she could not remain silent in view of the crisis the country is facing, and she asked all sectors to support the government institutions.

The political leadership, businessmen, workers, religious leaders, and the public in general must support the institutions, but they must do it while seeking the truth and not with an unhealthy and conspiring silence, the letter also states.

According to what the "Seven O'clock Newscast" was able to learn, it is possible that other resignations will follow within the next few days.

Meanwhile, this is President Samper's response to the resignation of Minister Sanin. The text of his statement follows:

I deeply regret your decision to withdraw from the Colombian Embassy in London at a time when you were performing brilliantly, but I respect the personal and political reasons that forced you to make this decision.

I thank you for the words of support for my unretractable decision to seek justice from the investigations on the likely infiltration of drug trafficking money into the past electoral campaign.

The president continues: I have acted and will continue to act with the belief that no one will benefit more from the legal decision than the president of the Republic.

This was the president's response to the resignation of Ambassador Sanin.

In the meantime, because the ambassador is the person most likely to occupy the presidency in 1998, according to the polls, her resignation has been interpreted as the most serious lack of political support to the government since the beginning of Process 8,000.

[Independent Senator Luis Alfonso Hoyos] "Each has his own style. The only thing is that we Colombians have to act in a coolheaded fashion, seek to have nothing covered up, and reach the final consequences. I hope the president will assume control as soon as possible so that we can experience a democratic and peaceful transition."

[Conservative Representative Jose Mantilla] "I believe that each electoral campaign has its own nuances. It now seems that the nuances of this campaign have already become evident."

[Conservative Senator Jaime Cassabianca] "This is an effort to find political opportunity in the confusing events in Colombia."

[Senator Roberto Camacho] "It seems to me that it is a very brave and well-thought out letter, leaving no doubts about the need the country has to keep contributing to investigating these events."

**Samper on Process 8000 Investigation, Botero**

*PA2408122395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 24 Aug 95*

[Report by Jorge Vargas from the "Seven O'Clock Newscast" — passages within quotation marks recorded]

[FBIS Translated Text] With respect to all the judicial controversy that has broken out surrounding Samper's presidential campaign, the president spoke today with our News Director Cecilia Orozco who started the interview by asking him about the testimony delivered by publicist Maurico Montejo. This is what the president had to say:

[Orozco] The scandal surrounding Process 8000 has been quite considerable. For example, yesterday there was some talk about an affidavit by an advertising specialist who worked for your campaign where he contended that he had received payment in cash from Alberto Giraldo who is currently under arrest. How do you feel about all of this and what can you say about it?

[Samper] Look, with respect to that particular issue I established a golden rule, about which I have notified all public officials. I have decided that I am not going to enter into public discussions on an issue which in fact should first be debated, analyzed, proven, sustained, or rebutted during a judicial process.

[Orozco] Are you prepared to acknowledge that you might have made a mistake with respect to some of the

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appointments made during your presidential campaign, or even in your administration?

[Samper] Of course. If during any inquiry into the conduct of any official appointed during the campaign or administration official it is proven that said official was involved in conduct unbecoming, of course I am prepared to acknowledge my mistake. In addition, I am prepared to acknowledge it with propriety, and without any haughtiness.

[Orozco] With respect to the specific case of Santiago Medina, it has been said that he had been previously involved in several campaigns. I recall that he was involved in Luis Carlos Galan's presidential campaign. However, it has also been said that two former presidents alerted you about appointing him. Is this true?

[Samper] There were no warnings, but mostly opinions which in no way associated Mr. Medina with any illegal activities, but mostly with administrative problems.

[Orozco] Do you believe that there is a political conspiracy against you?

[Samper] What I believe is that there has been some convergence of animosities by individuals interested in creating problems for the government who finally found an adequate moment to carry out their plans. Now, if this is a conspiracy or not, I do not know.

[Orozco] How do you feel now about Fernando Botero, who is your friend and was your defense minister?

[Samper] Obviously I have mixed feelings since on the one hand there is the emotional aspect, which I believe not only the president feels but also all those persons who have been friends to Dr. Botero. On the other hand we hope that he can thoroughly establish the entire truth and prove his innocence.

[Orozco] Allow me to ask you another question. How do you feel now? How is your frame of mind and that of you wife?

[Samper] My life has not always been a smooth ride, but rather more like a roller coaster with lots of ups and downs. I have become used to this fact that that is my destiny. At this particular time, my frame of mind is very high spirited. I have not allowed these problems to make me neglect my official duties one single minute because I feel that if I did I would be betraying the Colombian people. I am very satisfied with what has so far been my first year in office, and am looking forward to the next three years.

**Heyne Mogollon Interviewed**

*PA2408183995 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 23 Aug 95*

[Telephone interview with Heyne Mogollon, president of the Investigation and Accusation Commission of the Chamber of Representatives by Dario Arizmendi; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] We will talk with the president of the Investigation and Accusation Commission of the Chamber of Representatives. This is the congressional, as well as constitutional, order in charge of assessing whether the president of the Republic, Ernesto Samper Pizano, has incurred in any crime and, if so, present the accusation at the Chamber of Representatives plenary. In turn, if the Chamber of Representatives approves the motion, if such an event should occur, the Chamber would send the case to the Senate of the Republic. Good morning, Dr. Mogollon.

[Mogollon] Good morning, Dario.

[Arizmendi] Let's see. The president of the Republic has said he is willing to testify whenever and wherever the commission wants. When will this be?

[Mogollon] Dario, the president of Republic requested the Accusation Commission to [words indistinct] in the famous Process 8,000 and has publicly repeated his request several times. The commission will send the corresponding citation to the president for him to come to address on his own, opportunely, and when it finds it is convenient to do so.

[Arizmendi] Will it be at the Narino Palace?

[Mogollon] This has still not been decided. Anyway, the commission, through the investigating representative, will do whatever is pertinent and [words indistinct] the manner, time, and place where it can be held.

[Arizmendi] Will you, the investigating representative, be the only person in the commission who will hear the president and the other people who will have to testify?

[Mogollon] Please repeat the question, Dario.

[Arizmendi] Will you be the only member of the Accusation Commission to hear the president of the Republic because you are the investigating representative or will there be other commission members at those sessions?

[Mogollon] I am the one that has that this responsibility with our justice and the country. This is what the procedural law stipulates has to be done in such cases. There is to be one investigating representative and, I repeat, I have been assigned to carry out this assignment.

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[Arizmendi] Could you please tell us the procedures so the Caracol listeners can know exactly what follows after you finish hearing the version of the president of the Republic? You listened to Dr. Monica De Grieff, current member of the national television commission and former treasurer of Dr. Ernesto Samper Pizano's electoral campaign, for almost three hours yesterday. What happens after all the people have testified? What will you do exactly?

[Mogollon] The commission, through the investigating representative, will conduct all the necessary inquiries for the investigation to [words indistinct]. Once this objective has been accomplished, the investigating representative will present the result of his work to the consideration of the Investigation and Accusations Commission. The commission and only the commission will approve or disapprove the investigation work that I will present.

[Arizmendi] Dr. Mogollon, what is your opinion on the respectful suggestion made by Antonio Jose Cansino, the lawyer of the president of the Republic, for the commission to get advisory services from institutions such as the Bogota Superior Court to further this case effectively?

[Mogollon] Dario, I do not approve of justice that is tinged with competition. [Words indistinct] are presented and must be judged according to the law. I, personally, have no comment on the conjectures made through the media [words indistinct]. All the investigators in the Republic have the option to assign offices in their sector to carry out actions that for x or y reason, time, place, etc. they cannot conduct. This is optional and not [words indistinct]

[Arizmendi] This means you will not accept Dr. Cansino's recommendation?

[Mogollon] What I do not accept is that they make suggestions as if I did not know the law.

[Arizmendi] Do you think Dr. Antonio Jose Cansino is playing a leading role in this case?

[Mogollon] It could be. He is doing his thing. I really cannot judge the conduct of a jurist. I respect him and the country knows his qualities.

[Arizmendi] What experience do you have in other types of investigation in procedural and criminal law, Dr. Heyne Mogollon?

[Mogollon] Through this very famous news media in the country, I want to make known that I have been, that I am an attorney who graduated from the Universidad Libre de Bogota, that I obtained my degree in one of the university's best classes over 20, 23, 24 years ago in 1972, 23 years ago; that I had the honor of having as professors Luis Carlos Perez and Eduardo Umana Luna as well as those forgers of all those jurists, the majority of whom are living in the country and others who perished at the Palace of Justice holocaust; that I have practiced law for over 23 years; that I have never been reprimanded; that as an attorney, I have followed a path of which I am very proud and therefore, I love justice very much; and that this is valid to particularly know everything involved in the various procedures both in criminal and civil law which I have practiced the most.

However, in this regard, the country cannot have any doubts that the head of this investigation will carry it out seriously, with probity, and particularly with a great sense of responsibility toward justice and the country.

[Arizmendi] Dr. Mogollon, thus far while you have briefly acted as investigating representative, have there been pressures of any sort to deviate the investigation in any direction?

[Mogollon] Not of any sort or nature. I have not received any warnings and I have not been pressured at all.

[Reporter] Dr. Heyne Mogollon, why was the procedural petition of having a questionnaire and a written reply by the Colombian president not accepted?

[Mogollon] Because it is not admissible. This is not admissible and such a thing was not even requested from me, I tell you frankly.

[Arizmendi] Dr. Mogollon, do you believe that within the month you theoretically have to submit a report to the plenary of the Accusation Commission is enough to complete your work or will you eventually ask for an extension of tine?

[Mogollon] There is a misunderstanding, there is a misunderstanding, and I want to clarify it once and for all. Simply that [word indistinct] termination of... [pause] opening a preliminary for an investigation of 30 days, which is equivalent to a month. When you speak of this, nothing is understood, but in any event, it... [pause] the time would be extended if necessary because results are the important thing and not haste in this case.

[Arizmendi] Will the time be extended by the plenary commission or is it your decision?

[Mogollon] It is the decision of the investigating representative.

[Arizmendi] Who else does investigating representative, Dr. Heyne Mogollon intend to meet within the next few days to carry out your duty?

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[Mogollon] No, no, this investigation simply is strictly and absolutely confidential and only I can make decisions regarding the investigation. I... [pause] meetings will be held to discuss the work done along with the results of the investigation, and this should be done with the plenary commission.

[Arizmendi] Let's say, do you intend to contact Santiago Medina at the Carcel Nacional Modelo or former National Defense Minister Fernando Botero here at the Cavalry Station or other individuals who were linked to the campaign and who somehow were mentioned or involved in the so-called Process 8,000?

[Mogollon] The purpose of the investigation is to obtain the testimony of all the individuals involved in it, no matter who they are. No exceptions will be made.

[Arizmendi] Even the prosecutor and the deputy prosecutor who had announced their willingness to contact you if necessary, if you requested it?

[Mogollon] That is something else, then. In any event, whatever comes up, whatever takes place during the investigation. That is why it is said it does not disappoint anyone. I will evaluate whatever is relevant. That is why one should be precise. Every investigator obtains testimony and carries out tests which are relevant. What is irrelevant to the investigation needs not be included.

[Arizmendi] Dr. Mogollon, nobody in fact or with evidence can doubt your probity and honesty. However, there are those who with a little suspicion think that regarding independence the issue is at another level because you were chosen by a political group which belongs by coincidence to the Colombian president's party and for a commission which has a Liberal majority and has traditionally dismissed charges all those under investigation. What do you say regarding these comments and suspicions by some sectors?

[Mogollon] I repeat that suspicions do not worry me. What the country must expect from me is a decision made fully according to the law, which, among other things, has to be made known to all. I will not allow from any point of view that for any reason or consideration the upright administration of justice is deviated. As to the gratuitous questioning about myself because I was, had been, or am member of the Liberal Party or whatever political party, these are subjective matters.

[Arizmendi] Yes.

[Mogollon] In the hypothetical case, I want to tell you... [pauses] In the hypothetical case that, for instance, I had belonged to a political organization as a leader of the political movement and had committed at a given moment a (?misdeed) hypothetically speaking, I want to tell you that it is absolutely impossible — and this is a worldwide concept — to attribute the guilt to the subordinates and followers of a political leader.

[Arizmendi] What will be your attitude if the commission disapproves your report at a given moment?

[Mogollon] Only the commission has the authority to examine and issue a verdict on the report I will submit...

[Arizmendi, interrupting] When...?

[Mogollon, interrupting] Look, look, it has to be done with acceptance and respect because this corporation will make a pluralist decision which should be complied with.

[Arizmendi] Yes, and when you consider the testimony and versions of the individuals you may wish to summon, do these individuals give testimony seriously under oath or is it not of that nature?

[Mogollon] Of course, it is done seriously under oath as long as they are witnesses. It is natural.

[Arizmendi] And will there be records of everything they say?

[Mogollon] Of course. It is the same thing we do at a judicial stand. Everything is recorded, incorporated into the case, and filed.

[Arizmendi] Dr. Heyne Mogollon, thanks a lot for these statements for Caracol Network. This is Heyne Mogollon, president of the Investigation and Accusation Commission of the Chamber of Representatives, and the investigating representative in the Process 8,000 regarding the head of state, who had requested this investigation to this commission. [end recording]

### Mayors Agree on Creation of Peace Commission

*PA2408133195 Madrid EFE in Spanish 1907 GMT 22 Aug 95*

[FBIS Translated Text] Cartagena de Indias (Colombia), 22 Aug (EFE) — Some 700 Colombian mayors, currently in Cartagena de Indias, today agreed to create a peace commission to seek a political solution to the armed conflict in the country.

Antonio Navarro Wolff, mayor of the southern city of Pasto and leader of the former 19 April Movement (M-19) guerrilla organization, said his colleagues agreed to constitute an alliance that will permit advancement in the peace process.

Navarro noted that it will be a peace commission capable of presenting proposals to solve the country's current conflict.

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The initiative was raised the first day of a meeting of mayors in Cartagena de Indias, where approximately 700 out of the 1,050 Colombian municipal leaders are present.

This will be the third peace commission created in Colombia after Commissioner for Peace Carlos Holmes Trujillo resigned, and President Ernesto Samper delayed appointing a replacement until the communist guerrillas showed a real determination toward peace.

The first two commissions were created by the Colombian Bishops Conference and a group of nongovernmental organizations.

In May, Samper formalized his decision to take steps toward eventually renewing the peace talks with the rebels, and in June he announced the conditions for the first meeting to be held.

Nevertheless, the government believes the recurrent armed actions by the Revolutionary Armed Forces of Colombia (FARC) and Army of National Liberation (ELN) express no real willingness to seek peace.

## Ecuador

### Rumors of Coup Plotting Discounted

*95P20992B Quito HOY in Spanish 22 Aug 95*

[Received via Internet] [FBIS Translated Text] The Armed Forces do not plan to stage a coup d'etat and they guarantee the maintenance of democracy within the framework of respect for the current political constitution.

Minister of National Defense General Alfonso Alarcon yesterday denied rumors about a possible coup d'etat, and, in the name of the Armed Forces, guaranteed the upholding of the current juridical order.

"We support democracy and the constitution 100 percent," he affirmed after warning that the stories circulating about a possible military coup d'etat originate from people "spreading negative thoughts."

Alarcon refrained from commenting on the legal actions initiated by the Supreme Court of Justice against Vice President Alberto Dahik and two of his aides.

### Armed Forces Said Guarantors of Country's Democratic System

*PA2408192595 Quito Voz de los Andes in Spanish 2300 GMT 21 Aug 95*

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran Armed Forces are guarantors of the country's democratic system, Defense Minister General Alfonso Alarcon has said following insistent rumors of a possible coup in our country. The minister has totally ruled out any report in this regard:

[Begin recording] [Alarcon] Regarding this topic and maintaining the tradition of all defense ministers, I am going to refrain from [words indistinct] political matters.

[Unidentified reporter] Are the Armed Forces unconcerned?

[Alarcon] Everything concerns the Armed Forces, and as the Armed Forces, we are going to be concerned about maintaining our democracy at any cost.

[Reporter] There are coup rumors.

[Alarcon] I have no reports about that matter. You have just brought this news to me. I know absolutely nothing about that; nothing in that regard is true.

[Reporter] [Words indistinct]

[Alarcon] I believe it is just speculation by people, by citizens who want these evil thoughts of a coup d'etat to prevail. [end recording]

### Dahik: Supreme Court Acted Illegally

*PA2408192695 Quito Voz de los Andes in Spanish 1700 GMT 24 Aug 95*

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Vice President Alberto Dahik has charged that the Supreme Court has acted illegally and moved by political reasons when it authorized a criminal lawsuit against him on alleged corruption charges [words indistinct] intends to have the power to stage a coup d'etat.

In an appearance before the unicameral Congress, which was convened a few hours before and had concluded with opposition and progovernment deputies in a fight, Dahik defended the legal powers he has to keep secret funds handled by his office in private bank accounts under the name of his private secretaries.

[Words indistinct] Dahik before congressmen who today formed a special commission to judge his actions and held a political hearing with a motion to dismiss him. This commission was created shortly after Supreme Court President Miguel Macias accused Dahik of contempt of court for not appearing before him.

This morning, a summons was issued to the president, but we will have a report on this later, because the Presidency would not allow the Supreme Court secretary in.

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**Foreign Minister Denies Managing Discretionary Account**

*PA2408214595 Quito Voz de los Andes in Spanish 2300 GMT 21 Aug 95*

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro Franco denies ever having managed discretionary state accounts. He said the ministry never opened discretionary accounts — even during wartime — rejecting media reports on such accounts:

[Begin Leoro recording] Not a single penny. The newspaper said that a decree was issued — which I did not even know about — confirming that the Defense, Government, and Foreign Ministries maintained discretionary accounts. I wish to confirm that we never maintained such accounts, not today, not before, and never. We never resorted to this action. Not a single penny has been put into an account that does not exist. I have not agreed in writing to manage such an account. Since the information was correct but incomplete, I must categorically deny that the ministry ever opened a discretionary account, not even during the conflict. [end recording]

The law allows ministers to manage discretionary state accounts. Foreign Minister Galo Leoro Franco denied managing any such account, saying that he prefers not to even though he is authorized to do so.

**Foreign Minister Does Not Rule Out Duran-Ballen Meeting Fujimori**

*PA2408200995 Quito Voz de los Andes in Spanish 2300 GMT 21 Aug 95*

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Foreign Minister Galo Leoro Franco has not ruled out the possibility of a meeting between the presidents of Ecuador and Peru during the Rio de Janeiro summit. Even though Leoro Franco did not confirm the meeting, he did not rule it out either:

[Begin recording] [Leoro] I cannot get ahead of myself. I hope that whatever happens will be the aspiration of the presidents.

[Unidentified reporter] [Words indistinct]

[Leoro] I had been doing it with the previous foreign minister, Efrain Goldenberg. I did it every time I could. We have, in fact, held talks, and I do not see why we cannot hold meetings with the new Peruvian foreign minister, whom I have not yet had a chance to meet. I hope this will be the first meeting, because there will be topics of common interest, as with the previous foreign minister. [end recording]

**Editorial Decries 'Culture of Corruption'**

*95P20992C Quito HOY in Spanish 21 Aug 95*

[Editorial received via Internet]

[FBIS Translated Text] The Informe Confidencial poll published yesterday by this newspaper reveals significant indications of a culture of corruption that is increasingly widespread in the country.

A high percentage of Ecuadoreans believe that it is "normal" for public employees to try to enrich themselves while carrying out their duties. Furthermore, many Ecuadoreans believe that, if they themselves were state employees, they would be authorized to charge commissions for carrying out transactions. At the same time, the majority prefers to pay a bribe to avoid inconveniences caused by the deficient services offered by the state. Eight out of 10 Ecuadoreans believe that politicians have always been corrupt.

The public sector tends to be seen as a possible source of personal enrichment, and Ecuadoreans look at the employees of that sector, especially the politicians, with distrust. However, at the same time, the average citizen is prepared to pay a certain amount of money to speed up bureaucratic transactions.

The state sector, seen as a focus of corruption, has its corresponding side in the corrupt behavior of the private sector. But in the eyes of the average citizen, the evil appears in greater strength in the public sector. This perception is explained, in the first place, by the successive scandals that have taken place in that sector; also, by the very way the sector functions which frequently encourages corruption; and finally, by the ineffectual efforts taken to condemn and control it.

Far-reaching educational changes are needed to combat the culture of corruption, in the public as well as the private sector, and to guide society toward solid values of honesty and solidarity.

**Duran-Ballen Meets With Korean Foreign Minister**

*PA2408204895 Quito Voz de los Andes in Spanish 1700 GMT 24 Aug 95*

[Report by Loida Carriel during "The Voz Andes Newscast"]

[FBIS Translated Text] President Sixto Duran-Ballen today received Korean Foreign Minister Kong Nomyong at Carondelet Palace. The foreign minister is paying an official visit to our country.

At today's meeting, President Duran-Ballen and the Korean diplomat discussed matters of bilateral interest

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and praised the relations of friendship and cooperation existing between the two nations.

The Ecuadoran Government decorated the illustrious visitor with the National Order of Merit in the Grand Cross grade.

In addition, Quito municipality, through its acting mayor, also decorated the Korean foreign minister.

[Begin Kong recording] Mrs. Galo Leoro, acting mayor of San Francisco de Quito, Councilmen of the metropolitan district, ladies and gentlemen: First of all, I would like to express my profound appreciation to the acting mayor and all the citizens of Quito for naming me illustrious guest of this city and for the warm welcome I have received. [end recording]

The foreign minister also thanked the Quito Mayor's Office for [words indistinct]. He will end his visit this afternoon when Foreign Minister Galo Leoro Franco will see him off at Mariscal Sucre Airport.

**ROK Foreign Minister Meets With Ecuadoran Counterpart**

*SK2408121595 Seoul YONHAP in English 1140 GMT 24 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 24 (YONHAP) — Foreign Minister Kong No-myong, now on a tour of Ecuador, conferred with his Ecuadoran counterpart, Minister Galo Leoro Franco, in Quito Wednesday.

A report reaching the Foreign Ministry said that during the meeting, Minister Kong explained about the activities of the Korean Peninsula Energy Development Organization (KEDO), calling for Ecuador's participation in the provision of substitution energy to North Korea as an oil-producing country.

The Korean minister also asked for Ecuador's support for the South Korean bid to host the 2002 World Cup.

The two ministers agreed to conclude an investment guarantee agreement to promote South Korean industries' investment in the Latin American country, according to the report.

**Electricity Crisis Demands 'Immediate' Response**

*95P21002A Quito HOY in Spanish 22 Aug 95*

[Editorial received via Internet]

[FBIS Translated Text] The severe electricity rationing affecting the country demands immediate solutions. Nevertheless, only long- or medium-term alternative proposals have been formulated to deal with the crisis. It is indeed important to approve the Electrification Law and carry out large hydroelectric projects such as the Daule-Peripa or the Toachi-Pilaton. An appropriate legal framework which demonopolizes the electricity sector will encourage private investment. Furthermore, the sector must implement the Electrification Master Plan because it is precisely the delay in implementing this plan that has led to drought-related electricity shortages in the country. The effects of this drought could have been predicted and prevented if the authorities had acted responsibly and rapidly.

Other measures, such as hiring barges for thermoelectric generation, will take at least several weeks to be put into operation. Nevertheless, the crisis could immediately abate if all existing means of thermoelectric generation are put to use, and companies compensated for the high cost of using their generators, as promised by the state.

In addition, a concerted effort by the citizenry to conserve electricity in a disciplined manner would contribute positively toward the crisis' immediate solution.

The people feel that their patience is being tried while they have to undergo inconveniences and economic losses during the blackouts. But immediate emergency measures cannot be put off.

**Television Stations Reduce Broadcasts Due to Energy Crisis**

*PA2408205595 Paris AFP in Spanish 1952 GMT 21 Aug 95*

[FBIS Translated Text] Quito, 21 Aug (AFP) — Ecuadoran television stations announced this Monday the reduction of their broadcasts to 12 hours per day in order to contribute to the drastic electric power rationing which has been applied for the past two weeks as a result of a drought.

The lack of rain in the southern Andean region of the country may result in the total paralyzation of a hydroelectric power plant that meets 70 percent of the national energy demand, whose water level in the dam four days ago reached 1,949 meters above sea level, just three meters above the critical level.

The Ecuadoran Association of Television Channels, through televised advertisements, reported the decision to go on the air between 0900 and 1200 and 1500 and 1800, periods that will be added to the usual interruptions in the predawn hours.

Meanwhile, Bolivar Lucio, acting director of the Ecuadoran Institute of Electrification (Inecel), said that power outages will continue in Ecuador at least until next weekend.

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He noted that the thermoelectric power plant in the coastal city of Esmeraldas, which was being refurbished, will begin operating Wednesday.

The official also added that the level of the river flowing into the hydroelectric complex is gradually increasing, so restrictions will gradually disappear.

Meanwhile, power outages were registered in Quito areas for nine hours daily, on average.

**National Congress 1994-95 Tasks Evaluated**

*95SM0466A Guayaquil EL UNIVERSO in Spanish 6 Aug 95 Sunday Section p 5*

[Article: "National Congress Regained Prestige, According to a 1994-1995 Study"]

[FBIS Translated Text] Quito. A study of the current administration of the National Congress concludes that during the period 1994-1995, Congress regained prestige and credibility with the citizenry, singling out the "sense of responsibility and democratic maturity" demonstrated during Peru's military aggression and the elimination of harmful power struggles.

It is evident that the tonic of work was discipline and political debate at the highest level, putting aside the culture of confrontation by word or deed, which, the study assures, has been exiled from Congress, producing record-breaking attendance at sessions and making a lack of quorum the exception.

**Legislative Tasks**

The study points out that, in legislation, 198 draft bills have been processed, of which 111 were passed in second or final debate and 26 in first debate, and 61 have been read, in addition to the ratification of 72 conventions, protocols, and international treaties.

In this connection, the most important legislative accomplishments approved in second debate are two structural and substantive packages of reforms to the political constitution of the state, amendments to the election law to facilitate the participation of independent candidates for elective office, reforms of the telecommunications law, creation of the solidarity fund and the law for the protection of patients, the television and radio broadcast law, reforms of the law for the modernization of the state, and the law for administrative and financial decentralization.

**Territorial Crisis**

Addressing the Peruvian military aggression, the study underlines the important role played by the National Congress in strengthening national unity, which helped the country to not only gain a military victory, but also to score a diplomatic triumph.

Congress President Heinz Moeller Freile formed high-level missions that disseminated the Ecuadoran position on territorial differences with Peru and participated in special commissions of deputies who also travelled abroad in support of diplomatic activities that promoted the country's cause.

**Constitutional Reform**

The study discusses the constitutional reform process that began on 4 October 1994, when President Sixto Duran-Ballen presented the proposal that contained the points decided by the referendum of 28 August 1994.

The study says that Congress made every effort in the search for consensus in order to achieve the final package of constitutional reforms, but it stresses that "the proximity of elections imposes on political parties an attitude of 'prudence,' which causes controversial subjects to go from consensus to dissension, and initial agreement to subsequent indecision."

Nevertheless, laws passed include the possibility of reelection to public office, dual nationality, approval of the budget by sector of expenditure, and the establishment of important institutions, such as the People's Defender, protection of patients, habeas data, the possibility for centers of higher education to auto-finance themselves, limitations on the unionization of public servants, etc.

**Oversight**

As for oversight of the executive, Congress conducted four political hearings, which ended with the censure of Ministers Cesar Robalino (Finance), Diego Paredes (Foreign Affairs), and Francisco Acosta (Energy and Mines), while Superintendent of Banking Ricardo Munoz Chavez was absolved.

Congress also requested hearings regarding other officials, but they did not take place because of the expiration of the statutory period.

Oversight activities also took place through the appearance of officials before various congressional commissions charged with special responsibilities, or before the oversight commission, where certain questionable governmental acts were clarified.

**[Box, p 5]**

**Reconciliation of Executive and Legislative Functions**

The report also points out that Moeller's administration, rather than engaging in a harmful struggle for influence, brought about a rapprochement between the two

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branches of government, whether it was in expediting reform of the political constitution, or regarding the border conflict, or finding financial alternatives to cover the budget deficit, estimated at 390 billion sucres.

Also important was the dialogue between the executive and legislative branches to make possible the suspension of increases in electric power rates.

**Economic Challenges Await 1996 Government**

*95SM0466B Guayaquil EL UNIVERSO (MUNDO ECONOMICO) in Spanish 8 Aug 95 p 6*

[Article by Economist Cesar Robalino Gonzaga: "The Economic Challenges for the New Government (1996)"]

[FBIS Translated Text] There are 13 months to go before a new government takes office and decides to create, execute, and administer an economic policy based on the diagnosis that the new president has developed of the country's social and economic situation, as well as his ideology and the minority that he will possibly have in the National Congress.

Some of the most pressing problems the Ecuadoran economy is facing are the following: insufficient economic growth, high unemployment, a low standard of living, widespread poverty, a low level of savings and investment, the foreign debt burden, high interest rates, the overvaluation of the sucre, inflation, and the budget deficit.

**The Size of the State**

Other themes, such as reducing the size of the state, the privatization program, reform of the social security system, the complete elimination of subsidies, widespread corruption, lack of national cohesion, and reform of the country's political and institutional structure, go beyond the merely economic, but need to be addressed and resolved by the country's current and future political leaders.

The challenge of governing in our country is much more complex than in other countries. Our own nature, prone to confrontation, conflict, and political violence, along with as our way of conducting politics, prevents us from reaching a basic consensus about essential long-term objectives of Ecuadoran economic policy. Nevertheless, the new government will have to have an economic program, and will have to make decisions based on it that will affect the country's economic life.

**Development Policy**

In the future, a development policy will be needed that has nonpetroleum exports as its source of economic expansion and job creation. If this variable becomes the engine for development in the new government, a series of policies in line with that strategy will be needed. The monetary and fiscal policies of the new government will have to be restrictive, for the purpose of lowering inflation still more, and thereby preventing a loss of competitiveness in the exporting sector.

But the new government will also have to devalue the Ecuadoran sucre by 25 percent, so that our currency (by August 1996) will be situated at a competitive and balanced level. At the same time, it will be necessary to take actions and employ mechanisms in the field of foreign exchange that will avoid a corresponding automatic monetization.

So that the exporting sector will have a more adequate and efficient financing system (without subsidies), it will be necessary to create a foreign trade bank, with a capital of not less than $100 million, of which 90 percent should be from the private sector and 10 percent from the government. The product of the devaluation would be turned over, not in sucres, but in titles that represent shares in the corporation being established.

**Foreign Trade**

A Ministry of Foreign Trade, a bank at the service of nonpetroleum exports, an export law that stimulates exportable production, and economic stability in which Ecuadoran inflation does not exceed international inflation are only some of the elements in an economic policy based on nonpetroleum exports as a source of expansion and economic growth. Th internal sectors of the country must be carried along by the dynamism of exports, and by private investments that should take place as a result of the reconversion and modernization of Ecuador's industrial apparatus.

The new government should aim for a per-capita economic growth rate for the entire period 1996-2000 of not less than four percent per year. This would bring with it an increase in the level of savings and domestic investment. Reform of the social security system plays a crucial role here in order to generate a substantial increase in private savings for the purpose of supporting a substantial increase in private investment.

**Privatization**

The privatization of state-owned companies (Emetel [Ecuadoran Telecommunications Enterprise], etc.) will generate resources for the new government that should be used to finance basic public investment in the social area. These resources, together with those that would come from an increase in tax collection efficiency, should generate an increase in government savings in

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order to accelerate investment and the expansion of the economy.

As part of its future development policy, the new government will have to establish a clear and explicit social policy in which education, health, and housing are financed with investments, the financing of which will basically have to come from returns on the sale of state enterprises.

Unemployment is a long-term problem, but the new government will have to create not less than 450,000 jobs in the period 1996-2000. If the new government does not manage to create that magnitude of jobs, the rate of unemployment and of precarious employment—and the level of poverty—will become chronic phenomena that can threaten the future political and social stability of the country.

Results such as the foregoing (increased rate of growth and social investment) will make it possible to better deal with the levels of poverty, of unemployment, and the lack of well-being for many Ecuadorans.

**[Box, p 6]**

**A Balanced Budget**

In the area of fiscal policy, the government will have to ensure a balance in public finances, reorganizing the tax structure and public spending. This reorganization should have several goals. On the one hand, to avoid the economic destabilization that every budget deficit produces, and on the other, to increase tax collections, redirecting a part of public investment to social programs, and to irrigation and rural roads projects. This, in turn, requires a drastic change in the structure and in the operating mechanisms of the so-called social front. In this field, it will be necessary to name social program managers to carry out the purposes of the new government's social policies.

Finally, if the new government does not achieve a substantial increase in Ecuador's productive capacity, there will be no economic progress—and, therefore, no social progress.

**[Box, p 6]**

**Encouraging Mergers**

The foreign debt will continue to be a problem for the future of the economy. The new government will need to adopt a program for the further reduction of this burden. Financial measures exist which, if used properly, will permit a substantial saving of financial resources. This will result in an increase in the disposable savings of Ecuadoran society during the period 1996-2000 with the goal of increasing the level of investment and the rate of growth of the economy.

In the monetary, exchange, and banking markets, the government will have to carry out several strategic moves. First, adopt a floating exchange rate mechanism. Second, adopt a reform leading to the creation of a "new sucre," and reduce by half the number of banks and financial institutions. A law creating important tax incentives for mergers and for the immediate and substantial increase in paid-in capital in these entities will be indispensable for the creation of a more solvent and solid banking and financial system. Commercial banks and financial companies in the future should not have paid-in capital of less than $20 million and $10 million, respectively. In the third place, monetary policy should not be expansive. The Central Bank should address itself to the objective for which it was created: to combat inflation. In addition, the Issuing Institute should finance itself, and the subsidy it receives from the government should cease.

**Public Believes Government Neglects Poor**

*95P2O992A Quito HOY in Spanish 14 Aug 95*

[Received via Internet]

[FBIS Translated Text] According to a poll conducted in Quito and Guayaquil, the last five years of democratic government have not paid much attention to the poor. When Informe Confidencial asked residents of the two cities which president had paid more attention to the poor, the overall reaction was negative. The public believes that presidents have given the poor little thought. The highest percentages were from those who responded "none": 36 percent in Quito and 33 percent in Guayaquil.

Despite having made some progress in the economy, President Sixto Duran-Ballen does not receive much recognition, either. He occupies a modest second place—18 percent in Quito and 19 percent in Guayaquil— after the city mayors: Borja in Quito and Febres Cordero in Guayaquil, according to the polling organization.

## Paraguay

**Wasmosy Departs for Taiwan on Official Visit**

*PY2308015995 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 2350 GMT 22 Aug 95*

[FBIS Translated Excerpt] This afternoon President Juan Carlos Wasmosy departed for a state visit to Taiwan, where he will stay until 27 August.

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Members of the executive branch, authorities from government-run companies, Armed Forces representatives, Colorado Party leaders, and personal friends bade farewell to President Wasmosy at Silvio Pettirossi International Airport. The head of state will arrive in Taiwan on 24 August at 1950 local time. He will immediately start his official agenda, which includes a visit to the scientific park located at the World Trade Center in Taipei. He is scheduled to hold a meeting with Republic of China President Li Teng-hui on 25 August at 1830. The Paraguayan president will also give the opening speech at the Paraguayan-Chinese Economic Cooperation Conference, in which he will discuss investments in Paraguay. [passage omitted]

## Peru

### Fujimori Announces Capture of Two Top SL Members

*PY2508032795 Lima America Television Network in Spanish 0100 GMT 25 Aug 95*

[FBIS Translated Excerpt] Today President Alberto Fujimori announced the capture of two high-ranking leaders of the Shining Path [SL] central committee.

The individuals were identified as Maruja Arango Chavez, aka Comrade Estrella, or Berniece, and Myriam Espino Salinas.

The former is charged with perpetrating the bloodthirsty attack against the Hotel Maria Angola in Miraflores.

The head of state made this announcement in Iquitos, where he dedicated the enlargement and improvement of the (Francisco Secar) International Airport. He also inspected work being done at the local river port.

[Begin recording] [Fujimori] Yesterday, in Trujillo, two important terrorist leaders were captured. One of these two terrorists, both of whom are women, is Maruja Arango Chavez, aka Comrade Estrella, or Berniece, who is a member of the SL Emergency Central Committee. At the time of her arrest, she was carrying forged documents. This is a very important arrest, as you can see from this page with the photographs of four terrorists, two of whom are already under arrest. There is only one to go.

[Unidentified reporter] Where were they arrested?

[Fujimori] They were both captured in Trujillo. The other arrested terrorist is the spouse and right-hand assistant of Comrade (Luis Pedro Quinteros Zaiyon), who is also an important leader of the SL Central Committee underground.

[Reporter] Do the arrested terrorists belong to the hardline faction headed by Feliciano?

[Fujimori] This is being investigated. It is quite likely that, as they did not surrender when the Repentance Law was in force, they belong to the faction headed by Feliciano. Anyhow, in addition to these two, two others have been captured. This will allow us to continue this chain of arrests of the remaining leaders.

[Reporter] Mr. President, how badly does this arrest affect the SL?

[Fujimori] Well, this arrest is as important as the arrest of Margie Clavo. These terrorists are as important as she was. [end recording] [passage omitted]

## Venezuela

### Cabinet Council Approves Mining Development Law

*PA2408183495 Caracas Venezolana de Television Network in Spanish 0200 GMT 24 Aug 95*

[From "The News" newscast]

[FBIS Translated Text] The Cabinet Council has approved the mining development law. On this occasion, Minister of Energy and Mines Erwin Arrieta was appointed to submit this law to Congress in the coming days.

Among its novel aspects, this law provides for the creation of the Mining Superintendency. There will be a geological project, and from now on, mining concessions will be granted via a bidding process, that is, the ministers will not be entitled to authorize the exploitation of mines unless this has been approved by the president of the republic in a cabinet meeting.

[Begin Guillermo Alvarez Bajares, director of the Central Information Office, recording] The highlight of this meeting was undoubtedly the approval given to the minister of energy and mines to submit to Congress the mining development bill, which is very important for the entire country. Later, the cabinet approved the decree that creates the sole authority for the development of the plans and programs of the Proimpor industrial project, which comprises 440,000 hectares in the southern area of the states of Anzoategui and Monagas. [end recording]

### Matos Says Government To Pay Empresarial's Depositors

*PA2408200395 Caracas Venezolana de Television Network in Spanish 0200 GMT 24 Aug 95*

[From "The News" newscast]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar announced today the national government's commitment to pay account holders of Banco

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Empresarial their deposits. Here is Maribel Rodriguez with a report:

[Rodriguez] Rumors of instability lingered over Banco Empresarial in the past months. It was not until this Tuesday when the Financial Emergency Board [JEF] decided to intervene this institution in light of the situation of insolvency being faced by this bank. Banco Empresarial comprises eight branches, five of which are located in Caracas. Its credit portfolio amounted to 2 billion bolivares, while its deposits, according to the last report published, amounted to 4 billion bolivares. Similar to previous situations, the Deposit Guarantee and Banking Protection Fund (Fogade) will pay account holders up to 4 million bolivares.

[Begin recording] [Unidentified reporter] Will Banco Empresarial remain open?

[Finance Minister Matos Azocar] It will remain closed for the time being. [end recording]

[Rodriguez] The members of the JEF are drafting the timetable to pay Banco Empresarial's depositors. This timetable will be announced in the coming days.

**Party Members React to Intervention of Banco Empresarial**

*PA2408182095 Caracas Venezolana de Television Network in Spanish 0200 GMT 24 Aug 95*

[Report by Fernando Porte from "The News" newscast — passages within quotation marks recorded]

[FBIS Translated Text] [Porte] The intervention of the Banco Empresarial has generated various opinions, some of them forceful, others somewhat milder.

Radical Cause believes this intervention constitutes just another blunder by the executive and the Superintendency of Banks of not acting on time, because, according to Radical Cause Deputy Carlos Melo, the financial situation of Banco Empresarial was widely known:

[Carlos Melo] "The executive itself was aware of the crisis being experienced by Banco Empresarial, but it did not take any action."

[Porte] Democratic Action Deputy Paulina Ramos believes the government acted as it did in the case of Banco Andino:

[Ramos] "The key question we must ask ourselves is why did the government wait for so long."

[Porte] Copei [Social Christian Party] believes the government should act with neutrality and draft a very thorough technical report:

[Copei bloc leader Ramon Guillermo Aveledo] "Moral authority is the main point a government should protect so as to maintain its credibility."

[Porte] The National Convergence does not view this matter as a great tragedy and believes the situation of Banco Empresarial is not hopeless at all:

[National Convergence Senator Jose Angel Oropeza] "The state is capable of facing this situation."

[Porte] Everyone already knows Fogade will pay up to four million bolivares to this institution's account holders. New investigations on this much-touted financial case have not been ruled out.

**Official Announces Intervention of Empresarial Bank**

*PA2408181895 Caracas Venezolana de Television Network in Spanish 1550 GMT 23 Aug 95*

[From "The News" newscast]

[FBIS Translated Text] The Emergency Finance Board [JEF] has intervened in the Empresarial Bank because of its liquidity and financial problems, Finance Minister Luis Raul Matos Azocar has announced.

In three weeks, the institution lost more than 40 percent of its deposits, which accounted for a loss of resources of more than three billion bolivares. Since the start of the first half of the year, the Superintendency of Banks began to intensely supervise the Empresarial Bank, and the organization on 2 May of this year submitted a letter to the bank board of directors informing them of the seriousness of the situation:

[Begin Azocar recording] The decision was made, because the JEF on previous occasions had proposed a plan to the Empresarial Bank Board of Directors in an effort to correct a series of liquidity and financial problems at the bank. These are measures the Superintendency of Banks had asked the bank to take upon JEF instructions. They were unable to correct the institution's in-depth problem, and the JEF today decided to intervene in the bank. We want to tell savings account holders, however, this bank is a very small one. Instructions have been given to Fogade [Deposit Guarantee and Banking Protection Fund] to guarantee the payment of the savings account holders, as the Financial Emergency Law states, for up to four million bolivares; this accounts for more or less 95 percent of the bank's savings account holders. [end recording]

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**Cabinet Approves Plan To Reorganize Banco de Maracaibo**

*PA2408171595 Caracas Venezolana de Television Network in Spanish 0200 GMT 24 Aug 95*

[From "The News" newscast]

[FBIS Translated Text] The cabinet meeting held in Zulia State today approved a plan to reorganize the Banco de Maracaibo. As should be recalled, this financial institution was intervened during the banking crisis that erupted at the beginning of 1994.

Banco de Maracaibo will be reorganized with a view to making it operative and efficient. Its organization will be quite different from the one it had up to 1994, when it was intervened, because there is a belief the administrative policy used then might have caused the collapse of this institution; thus, this cabinet decision is in compliance with the stipulation made by the regulatory financial organizations that Banco Maracaibo had to receive a different treatment from the other seven nationalized banks:

[Begin President Rafael Caldera recording] This will be a new Banco de Maracaibo, but it will respond to the needs of Zulia State. This institution will operate on a smaller scale, given it had overextended its capabilities, and this was probably one of the reasons that led to its collapse. Banco de Maracaibo will be a bank that will earn the trust, confidence, and support of the people of Zulia and the entire western region. [end recording]

**Defense Minister Seeks U.S. Assistance for Drug Fight**

*PA2408160095 Caracas Venezolana de Television Network in Spanish 0200 GMT 23 Aug 95*

[From "The News" newscast]

[FBIS Translated Text] Our country is seeking U.S. assistance to prevent the dismantled Colombian cartels from moving into national territory.

This is one of the topics discussed by Defense Minister Moises Orozco Graterol in Washington. Orozco has been holding talks with U.S. Defense Secretary William Perry to get the northern power to provide technical assistance to Venezuela for the fight against drug trafficking.

General Tulio Prado, who is in charge of the Defense Ministry, said that at no time the country has allowed the DEA to operate in national territory.

[Begin Prado recording] We may need planes at some point to spray illegal crops or to detect clandestine planes. [end recording]

## Guyana

**Omai Mine Owners Announce Toxic Waste Dam Leak Fixed**

*PA2508044395 Madrid EFE in Spanish 0119 GMT 25 Aug 95*

[By Urrel Wilkinson]

[FBIS Translated Text] Georgetown, 24 Aug (EFE) — The Canadian owners of South America's largest open pit mine this afternoon announced that their engineers have successfully fixed the leak at a toxic waste dam that triggered a spill of 2.5 million cubic meters of cyanide.

These sources reported that an international team of expert engineers, geological technicians, and environmentalists, including Louis Gignac, the top executive at the "Omai Gold Mines (OGM)," was working against the clock to contain the spill, which they did around 1500 hours this afternoon.

The cyanide spill, which started in the early hours of 20 August, has adversely affected the Omai and Essequibo rivers. The latter river is located at the border with Venezuela.

The two Canadian companies owning 95 percent of the OGM, located 100 miles southeast of this capital, have seen their image largely tarnished by this incident, although it was already tarnished by a minor, yet lethal spill that occurred in May 1995.

A daily reported today that hundreds of dead fish are floating in the river. The company, however, denied this report, of which EFE obtained a copy. Authorities have warned people against eating fish, the price of which has been drastically increased this week following the ecological disaster and the contamination of water from the area.

"They have not shown evidence certifying the deaths of fish or other aquatic life at the Essequibo River during the time the spill was taking place, followed by the pollution," the report the owners of the mine presented to the media stated.

However, Guyanese Prime Minister Sam Hinds confirmed that he has reports on the deaths of fish, and the pro-government daily "GUYANA CHRONICLE" assured that the deaths have taken place near the mine, located in Bartica, a city 75 miles off the capital, where scientific research on the matter is being conducted.

The residents of the communities affected by the spill depend on the river for their water supplies — for drinking and for cooking food. For this reason, both the government and the mining enterprise are making efforts to provide drinking water to the population.

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The Guyanese Government, upset over the cyanide spill, as a result of which it has declared the Omai River area a disaster zone, today proposed that the enterprise continue working only under the supervision of the country's parliament and has declared that this accident will have negative repercussions on the country's economy.

Meanwhile, the Venezuelan Government today held the Guyanese government responsible for the cyanide contamination of the Essequibo territory, which is a shared border area, and demanded an end to the "unilateral and irrational exploitation" of the region.

The Essequibo is a 150,000 square km area under Guyanese sovereignty that Venezuela has been claiming as hers since the end of the 19th Century.

Venezuela is taking advantage of this situation to "demand" that the Guyanese government present "clear evidence of its political will to respect international obligations derived from the Geneva Agreement."

The agreement signed in 1966 imposes on the two countries the obligation to seek a satisfactory, practical, and peaceful solution to the territorial problem between them.

The chief of state of Guyana, an English-speaking cooperative republic of 215,000 square km and 700,000 people, recalled that gold is fundamental for the country's economic development.

**Government Motion Places Cyanide Spill Blame on Omai**

*FL2408165195 Bridgetown CANA in English 1557 GMT 24 Aug 95*

[FBIS Transcribed Text] Georgetown, Guyana, Aug 24, CANA — The Guyana government is placing full blame for Saturday night's cyanide effluent spillage into the country's major river on the Canadian mining company, Omai, according to a bill being tabled in parliament Thursday. A copy of the bill, made available to CANA, also seeks to halt the mining activities of Omai Gold Mines Limited (OGML) prior to parliamentary approval.

Prime Minister Sam Hinds was scheduled to introduce the motion in parliament in early afternoon, placing full blame on the mining company for the cyanide—laden effluence into the Omai and Essequibo rivers.

The motion also stipulates that the company will not be permitted to resume mining operations without an approved resolution of the Guyana Parliament.

Prime Minister Hinds' motion comes within 48 hours of a nation-wide broadcast by President Cheddi Jagan in which he declared the affected Essequibo basin region an, "environmental disaster zone". Jagan also vowed that his government would ensure that every possible action was taken to protect humans and minimize the damage to aquatic and wildlife and the general environment.

The text of the motion which CANA was told is likely to be amended to "strengthen the message", states:

"Whereas the government of Guyana is alarmed and deeply concerned over the inability of the Omai Gold Mines Limited (OGML) to pursue its operations in an environmentally safe manner, evidenced by two major escapes (the first was in May this year) of cyanide-laden effluence into the Omai and Essequibo rivers in recent months, the current one being of massive proportions;

"Be it resolved:

"That this National Assembly places full responsibility for the massive leaks from the tailings pond (of the company) into the Omai and Essequibo rivers on Omai Gold Mines Limited and that the costs to rectify the situation be met by OGML.

"That the proclamation by the President of Guyana (in his broadcast on Tuesday night, August 15 [date as received]) that the affected areas be deemed an 'environmental disaster zone', be endorsed (by the National Assembly);

"That a full-scale mobilisation of resources, local and international, be mounted to protect the human and natural environment;

"That a Commission of Inquiry be established to determine the causes leading to the disaster and to make recommendations on preventative measures and modifications to be undertaken by OGML to minimize the exposure to the environment if unexpected, unforeseen events occur; and

"That gold mining operations at OGML re-commence only on a resolution by this National Assembly (end of text)".

The major opposition People's National Congress, which, as a government, had signed the agreement in August 1991, is expected to support the motion.

The two minority opposition parties, the Working Peoples Alliance, which had called for a meeting of parliament to discuss the disaster, and The United Force, are expected to throw their support behind the motion. The government has an overall majority in the 53-elected member national assembly and does not need parliamentary opposition support to ensure passage of the motion.

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